

## Israelis Reportedly Willing To Consider Beirut Pullback

BEIRUT — Israel appears willing to consider a limited pullback of its forces encircling Palestinian guerrillas in West Beirut as soon as the evacuation of the Palestinians is begun, Western diplomats said Wednesday.

But despite hints of progress in talks to prevent an Israeli assault, they said, enormous practical problems remained that could make an agreement impossible before the Israeli loss of patience and order their tanks into the heart of Beirut.

Government sources reported on Monday that the Palestine Liberation Organization was ready to meet Israel's demand that its guerrillas leave Lebanon, subject to several conditions.

Wednesday the sources said that after a period of intense bargaining involving representatives of the PLO, Lebanon, Saudi Arabia, the United States and Israel, the United States was giving the impression that some of these conditions could be accommodated.

The sources said the PLO de-

mands included a call for the Israelis to pull back 5 kilometers (4.8 miles) from Beirut and that the PLO be allowed to take their weapons and leave a token military and political presence in Lebanon.

The Western diplomats said Israel now appeared willing to consider a limited pullback to take place as soon as the evacuation of the PLO fighters had begun.

Israeli Prime Minister Menachem Begin revealed in the Knesset, or parliament, late Tuesday that he had agreed to allow the Palestinians to keep their light, personal weapons as they depart, the first sign of flexibility in the Israeli position.

The government sources said after a meeting Wednesday between Lebanese Premier Shafiq al-Wazzan and Philip C. Habib, the U.S. special envoy, that there was a possibility that the guerrillas might be allowed to leave Lebanon with their heavy weapons.

It was unclear, however, to what extent Mr. Habib was presenting purely U.S. views at the meeting

and how much he was hinting at Israeli positions.

The sources added that the question of allowing some armed Palestinians to stay in Lebanon in a special unit under Lebanese Army command was also "not impossible."

One suggestion was for the unit would be established but then leave Lebanon when other "foreign forces," meaning the Israelis and Syrians, withdrew from the country, they said.

Israeli Radio said that Alexander M. Haig Jr., who has resigned as U.S. secretary of state but is staying on the job temporarily, sent an urgent message Wednesday to the Israeli government in which he stated the possibility of U.S. support for a future PLO political presence in Lebanon.

The state-run radio said the message included assurances that the United States would continue to work for the removal of Palestinian and Syrian forces from Lebanon. Mr. Haig added, however, that the Reagan administration would not object to a PLO political presence in Lebanon if a future Lebanese government agreed, the radio said.

Israel had been demanding the complete disarmament of the thousands of guerrillas trapped in Beirut and their departure from Lebanon.

Government sources said the PLO had agreed to leave Lebanon subject to certain conditions, including the right to take with them all their weapons.

Government and diplomatic sources reported that there have been frequent shifts in the PLO position, but it appears the Palestinians are holding out for the token Israeli withdrawal and for the retention in Lebanon of a PLO political office and the symbolic battalion of PLO fighters under Lebanese Army control.

Reports of Fighting

The sources said the Lebanese government had no objection to the PLO keeping an office in Lebanon, as it does in every other Arab country.

One report originating in Lebanon mentioned a Saudi proposal to fly the Palestinians out of Beirut and spare them the humiliation of an exodus over land — under the gaze of the Israelis — or by sea to a still-unknown destination.

Israeli officials said they knew nothing of such a Saudi proposal or a report in the newspaper Ma'ariv that Israel would agree to an airlift if it were done immediately.

As the negotiations continued, there were reports of new fighting in the mountains east of Beirut. Lebanese newspapers said that rightist Christian militias cooperating with the Israelis in the siege of Beirut had clashed with leftist Lebanese forces.

But accounts varied. The rightists said that the fighting involved Israeli and Syrian troops. Israeli military sources said the rightists had been shelling Syrian positions.

After an Israeli Cabinet meeting Wednesday, spokesman Dan Meridor said: "The government still believes there is a possibility of removing the guerrillas peacefully." He added that "Time is running out. Israel hopes it will not have to resort to military means."

The government, meanwhile, reacted to a European Economic Community statement Tuesday condemning the invasion, saying it was "astonished by the condemnation that was issued despite developments in the field which proved that Israel had no alternative but to act as it did." A Foreign Ministry spokesman refused to elaborate.



An Israeli soldier stood guard outside a sandbagged bank in Hazmieh, Israel-occupied Lebanon, that was open as usual.

## Israel Goes to U.S. With Its Denial Of High Civilian Toll in Lebanon

By George C. Wilson

WASHINGTON — The Israeli government has gone to Washington with its side of the argument over how many civilians its forces have killed in Lebanon.

Retired Lt. Gen. Aharon Yariv, former head of Israeli military intelligence, said at a news conference at the Israeli Embassy on Tuesday that estimates being made in Lebanon "are out of all proportion to reality."

Lebanese police two weeks ago estimated that 9,583 persons had been killed and 16,508 wounded since Israel invaded Lebanon on June 4. The Lebanese Red Cross has estimated that in the city of Sidon 1,000 to 2,000 persons died and 3,000 to 4,000 were injured.

Gen. Yariv, as other Israeli officials have done, said he could give no estimate of casualties in Beirut and focused his attention instead on the cities of Sidon, Tyre and Nabatieh.

His estimates of civilian casualties were: Sidon, 265 killed, 1,000 wounded; Tyre, 56 killed, 95 wounded; Nabatieh, 10 killed, 15 wounded.

Pressed for an estimate on the



Lt. Gen. Aharon Yariv

total number of civilians killed in Lebanon, Gen. Yariv said, excluding Beirut, "I don't think they'll reach 500."

Turning to Israeli casualties in Lebanon, Gen. Yariv said 270 have been killed, terming that toll "not a small price." He estimated

the Palestine Liberation Organization "lost about 1,000 in battle."

Gen. Yariv said Israeli forces have captured 5,000 of the original 15,000 PLO guerrillas in Lebanon. He estimated that there were 5,000 to 7,000 PLO troops trapped in Beirut.

[An Israeli Army spokesman near Beirut said Wednesday that Lebanese Premier Shafiq al-Wazzan's statement that 15,000 people had been killed since the invasion was "much too high." The Associated Press reported from Baabda, Lebanon.]

[The spokesman, Col. Paul Kedar, offered no figures of his own, however. He had said Monday that "a few thousand" Lebanese have died, along with 1,000 PLO guerrillas, 200 Syrians and 270 Israelis. Wednesday he said less than 30,000 persons had been left homeless and that they "were not starving nor lacking water or basic needs," AP reported.]

Gen. Yariv, who has been called temporarily to active duty, said Israeli forces have been trying to minimize civilian casualties by urging them to leave dangerous areas by dropping leaflets and making appeals over loudspeakers.

## Hong Kong to Tighten Refugee Policy

By Peter Cordingley

HONG KONG — All Vietnamese refugees arriving here Friday or thereafter will be held in a former prison on an outlying island for as long as it takes to find them a new home elsewhere.

It will be an unpleasant experience, and that is precisely the purpose. The Hong Kong government wants word to get back to Vietnam that this colony is no longer the relatively pleasant haven it used to be.

More than a thousand boat people arrived in June. This is 10 percent higher than June, 1981, and the popular interpretation is that refugees, having been told that they could get back home that time is running out.

Alone among Asian countries of first asylum for the hundreds of thousands of boat people who have fled Vietnam since 1975, Hong Kong until now has allowed refugees to find work and save money for eventual resettlement.

By paying for their own keep, the refugees kept down government costs, but the prospect of

working in Hong Kong became an attraction, particularly compared to what Vietnamese were enduring at home or the reception awaiting them elsewhere in the region.

In Malaysia and the Philippines, they are placed in squalid, closed camps. Those making for Thailand have to run the gamut of pirates before also finishing up behind barbed wire.

Closed Doors

Singapore refuses entry to anybody who does not have a guaranteed resettlement offer. Macao gives temporary refuge to those in unseaworthy vessels, but tows the others out to sea.

Hong Kong has a refugee population of more than 11,000, and there is a growing government fear that the vast majority may never be resettled. The official view is that the West has turned its back on the problem.

The United States has reduced this year's quota by about a third, and tough new standards eliminate virtually all refugees in Hong Kong camps. Britain has stopped admitting Vietnamese, while Canada

has sliced its annual quota nearly in half. Australia has reduced its resettlement quota to a token.

"Resettlement countries are calling a halt to the game," said John Heywood, Hong Kong's deputy secretary for security, "and we are being left in the middle. Hong Kong is being made to pay for being the good guy in the region."

The new breed of boat people is of peasant stock rather than professional or middle class. Mostly ethnic Vietnamese or tribal, rather than Chinese-Vietnamese, they do not speak Cantonese and are generally treated by Hong Kong's residents as unwanted aliens.

Frustrations are building in the refugee camps, where riots are almost commonplace. In the most serious, on May 1, refugees from what used to be North Vietnam fought those originating from the south with knives and metal bars. A number of camp buildings were burned.

Community outrage was reflected in the newspapers, where columnists called for repatriation of the troublemakers. That is not possible without cooperation from

Hanoi, and it is not likely to be forthcoming.

Any refugee with a criminal record automatically loses all hope of resettlement, so many of those convicted of involvement in rioting have had nothing recorded against them.

The local office of the United Nations High Commission for Refugees, which has shown irritation with the Hong Kong move, said there is no evidence from elsewhere in the region that repressive measures keep out the refugees.

362 Refugees Picked Up

PAPEETE, Tahiti (UPI) — Two French vessels picked up 362 Southeast Asian refugees in the Gulf of Thailand, French military officials said Wednesday.

The corvette Bahuy will transport 71 of them to Singapore. Members of the Doctors of the World organization, who chartered the mercy ship Golo, will accompany the remaining 291 to the Philippines. No further details were available.

## U.S. Presents Plan for Arms Cuts In First Working Session at Geneva

GENEVA — U.S. and Soviet negotiators began substantive bargaining Wednesday on reducing the two superpowers' long-range nuclear weaponry, and the United States gave a detailed explanation of its own proposals.

Chief negotiator Edward L. Rowley presented the U.S. plan at a closed, two-and-a-half-hour meeting, the first working session in a new round of Strategic Arms Reduction Talks, known as START, that opened Tuesday.

Mr. Rowley and the chief Soviet negotiator, Viktor P. Karpov, greeted each other across a dark veneered table in an eight-floor conference room of the U.S. diplomatic mission here. Each negotiator was backed by a nine-member delegation. The next full round is set for Friday.

The talks are running in tandem with negotiations that opened here last November on reducing U.S. and Soviet medium-range missiles based in Europe. Beginning next week, working sessions in both

talks will be held separately every Tuesday and Thursday, alternating between U.S. and Soviet offices.

Besides a reduction in missile warheads, the START talks will cover the number of missiles and long-range bombers, the destructive power of warheads and future weapons research.

Positions Far Apart

The United States and the Soviet Union entered the talks with positions far apart. They disagree on how their nuclear forces currently compare and what the treaty should accomplish.

Mr. Rowley and Mr. Karpov held a preliminary session Tuesday, devoted mainly to procedural matters. Mr. Rowley described the session as "cordial, businesslike, frank and earnest."

Mr. Rowley said he and Mr. Karpov decided Tuesday to maintain the "confidentiality" of the talks, releasing only incidental details of the sessions.

The talks are expected to last many months. The negotiations on

shorter-range nuclear weapons have been in progress since Nov. 30 with little progress.

Mr. Rowley said Mr. Karpov approaches arms negotiations with the caution of a chess player, "whereas we in the West like to play Pac-Man," a fast-moving video game. He said the talks would have to move slowly because of the complex issues involved.

U.S. Detects New SS-20s

BRUSSELS (AP) — The Soviet Union has deployed between 45 and 50 new SS-20 missile warheads since mid-March, when it announced a unilateral freeze on the medium-range nuclear weapons, a senior U.S. official said Wednesday.

Richard R. Burt, the designated acting assistant secretary of state for European affairs, said the Soviet Union now has an estimated 945 warheads on 315 launchers compared to about 900 warheads when the freeze was announced by Soviet President Leonid I. Brezhnev.



Viktor P. Karpov, the chief Soviet arms negotiator, looked back and Edward L. Rowley, his American counterpart, smiled Wednesday as the Strategic Arms Reduction Talks were getting under way in Geneva. At left is U.S. Ambassador James E. Goodby, an assistant to Mr. Rowley.

## Bonn Cabinet Reaches Agreement on Budget

BONN — Chancellor Helmut Schmidt said Wednesday night that the two West German coalition parties have settled their differences over the 1983 budget and averted a government crisis.

His announcement came after a day of talks in and out of the Cabinet in an effort to preserve the 13-year-old coalition of Social Democrats and liberal Free Democrats.

"Yes, certainly," Mr. Schmidt told reporters when asked if agreement had been reached on cuts in social benefits to cut government indebtedness. Free Democratic leaders confirmed his statement.

The agreement came after Mr. Schmidt, fighting to save his government, warned his Cabinet that failure to agree on the budget could mean the coalition's end.

The chancellor said it is not only a question of budget but of the political perspective of the coalition, "government spokesman Lothar Rucht told a news conference.

To reach a compromise Mr. Schmidt agreed to demands of Foreign Minister Hans-Dietrich Genscher's Free Democrats that economies be made in such social services as hospitalization payments. The deadline for drawing up a budget is July 7.

Balance of Power

The agreement, for the time being at least, appeared to end the possibility the Free Democratic Party, which holds the balance of power in the Bonn Parliament, might switch its support to the opposition Christian Democrats and topple Mr. Schmidt, who succeeded Willy Brandt as coalition chancellor in 1974.

The FDP, alarmed by the coalition's recent heavy losses in regional polls, had made agreement on the budget a condition for staying in the government. The chancellor decided to throw his personal weight into the budget negotiations after the coalition failed to reach accord in weeks of haggling.

## START Brings 2 Tough Veterans of Arms Talks Back to the Table

Rowny, Known as a Skeptical Intellect, Disliked Old U.S. Bargaining Style

WASHINGTON — Nearly 20 years ago, Edward Leon Rowny, poured after-dinner cognac for some guests in his cramped rooms in a Saigon bachelor officers' quarters, put a recording of his own harmonica music on a tape deck and settled back to ask several reporters their impressions of how the Vietnam War was going in the Mekong Delta.

Startled by the reporters' pessimistic views, a newly arrived colonel who was also present objected that they must be mistaken.

Mr. Rowny, then a major general, interrupted in a gruff voice. "Shut up, dummy, you might learn something."

In the next 16 years, Mr. Rowny was given only one more general's star, but he retained a reputation as a skeptical intellect, suspicious of official policy lines, willing to listen to diverse points of view and with a strong dislike for apple-polishing.

Tuesday in Geneva, Mr. Rowny, who retired from the Army in 1979 to be free to oppose the strategic arms limitation treaty signed that year, began the task of attempting to negotiate with the Soviet Union a new treaty on reductions in long-range nuclear weapons.

Mr. Rowny spent the years 1973 to 1979 as the representative of the Joint Chiefs of Staff to the U.S. strategic arms negotiation team in Switzerland. He came not only to dislike the treaty ultimately signed in 1979 but also the American negotiating style.

In testimony before two Senate committees in 1979, Mr. Rowny, who speaks Russian, recalled that his Soviet counterparts tended to exploit indications of American flexibility and to respond favorably to toughness.

Mr. Rowny was one of several witnesses who embraced the argument that Americans tended to be too "success oriented" to negotiate

well with Soviet officials, seeking new formulas for agreement while the Russians stuck dogmatically to the main elements of their original position.

No one thinks Mr. Rowny will have an easy task in the months and, probably, years ahead. He brings to the negotiating table proposals by President Reagan for deep reductions in strategic, or intercontinental, nuclear weapons, not simply limitations putting a cap on the growth in weapon inventories that characterized previous treaties.

Mr. Rowny has said he thoroughly approves of proposals for such relatively sweeping reductions. But he seems to have few illusions that the Soviet leaders will quickly or easily accept treaty proposals that require drastic changes in national military acquisition policies.

Mr. Rowny, the son of a Polish immigrant who had lived under

Russian rule, graduated from the military academy at West Point in 1941. He commanded both engineer and infantry battalions in World War II and ultimately a regimental task force of the 92d Division in Italy.

During his period as military representative to the arms negotiations, Mr. Rowny argued fervently that the Soviet Backfire bomber should be counted as a strategic, intercontinental weapon, although the Russians count it as a medium-range bomber.

His superiors on the Joint Chiefs of Staff eventually came to accept a compromise under which the Soviet Union agreed to limit production of the Backfire but did not count it in total weapons. This apparent was a factor in Mr. Rowny's leaving the Army.

The issue of the Backfire may arise again and confront Mr. Rowny with questions of consistency in the new negotiations.

Westerners Respect Karpov as Skilled, Knowledgeable

MOSCOW — Negotiating disarmament pacts is a long and tedious process, as Viktor P. Karpov must be among the first to know.

The Soviet diplomat has been at it for more than a decade, and on being named to lead the Soviet negotiating team at the new round of strategic arms reduction talks in Geneva he quipped that he was probably in for at least another 10 years.

Like Edward L. Rowny, the retired army general who leads the American side, Mr. Karpov is a veteran. He was on the Soviet team that negotiated the first strategic arms limitation agreement in 1972, and he led the negotiations in the final stages of the long bargaining that produced the treaty signed in 1979 that President Reagan rejected as "fatally flawed" and that Mr. Rowny fought to block.

Mr. Karpov, 53, and Mr. Rowny, 65, are now charged with

building a new pact on the remnants of that one, and the negotiations promise to be drawn-out, frustrating and difficult. But the grins and back-slapping with which they met Tuesday for the first private session in Geneva suggest that the camaraderie built up through hundreds of hours of previous talks may come in handy.

Past Relationship

Mr. Rowny said June 1 that his past relationship with Mr. Karpov might even speed up the talks a bit. "The Soviet ambassador and I have been through SALT-2. We know each other," he said. "We know the issues. We can dispense with a lot of the formalities and a lot of the niceties."

Western diplomats who have dealt with Mr. Karpov have invariably come away impressed. One described him as "tough, all meat and potatoes," and as a professional well-versed in American negotiating techniques. Mr. Karpov is

also frequently described as intelligent, well prepared, knowledgeable on the subject of strategic arms, fluent in English and skilled at negotiating.

Personally, diplomats describe him as urbane, witty and relaxed in the company of Western colleagues, attributes that should prove helpful during the complex and arduous process ahead.

Mr. Karpov graduated from the Institute of International Relations in Moscow, then spent 1962 to 1966 working at the Soviet Embassy in Washington. On his return to the Soviet Union, he worked at the Institute of the United States and Canada, and then turned to strategic arms.

Western diplomats suspect that Mr. Karpov, while in Geneva, will have relatively little autonomy from Moscow. He is not on the Communist Party Central Committee and does not appear to hold high rank in the Soviet hierarchy.

### INSIDE

- In Mexico's presidential elections this Sunday, the result is certain: Miguel de la Madrid Hurtado will be elected. The question is: What will the new administration mean to Mexico's depressed economy, its Caribbean influence and its ties with the United States? Insights, Page 6.
- In the United States, another record wheat crop is expected but the huge supplies from last year's crop have deflated prices and made nonsense of the government's acreage reduction program. Page 3.
- Wimbledon's sun-filled day belonged to 38-year-old Billie Jean King, who upset Tracy Austin 3-6, 6-4, 6-2. The three top men clicked into the quarterfinals: John McEnroe, Jimmy Connors and Vitas Gerulaitis all advanced. Page 13.
- Igor Gouzenko, 63, a Soviet Embassy cipher clerk whose sensational defection in 1945 shattered a major Soviet spy ring, died in Canada. Page 5.



## S. Africa Says Namibia Pact Nears But Cubans First Must Quit Angola

By Bernard Weinraub  
New York Times Service

WASHINGTON — A South African government delegation has told U.S. State Department officials that the withdrawal of Cuban troops from Angola was the key issue in working out an agreement to bring independence to South-West Africa.

South African diplomatic officials said Monday that the current round of talks with U.S. officials was set to wind up this week, and that "a feeling of urgency" hovered over the prolonged negotiations.

The diplomats said negotiations on a plan to grant the territory independence as the new country of Namibia had "gathered momentum."

"The whole thing is linked," said one South African, referring to the international diplomacy that the United States and other Western nations have launched to work out a settlement with the South Africans and the South-West Africa People's Organization, the group that has led the guerrilla struggle for an independent state. The official added, "You can't have implementation without a commitment to Cuban withdrawal, and the withdrawal itself."

South African diplomats say that the number of Cuban troops in Angola has grown to 23,000, and possibly far more. State Department officials say the latest U.S. estimates place the figure at 15,000 to 20,000.

### Withdrawal Issue

The issue of Cuban troops in Angola is "very tricky," according to one State Department official involved in the negotiations to create an independent, black-led Namibia. Although the South Africans seem determined to make the withdrawal of Cuban troops a precondition to a settlement, the State Department official indicated that the United States was less inclined to, at the moment, if some kind of arrangement could be worked out that would guarantee Cuban withdrawal.

Angolan officials recently renewed their objection to a linking of the Namibian problem to the Cuban presence in their country. Playing central roles in the Namibian independence talks are Chester A. Crocker, assistant secretary of state for African affairs, as well as Ambassador-at-Large Vernon A. Walters, who has toured southern African capitals in recent weeks to gather support for a Namibian settlement.

At issue is a five-year effort, pressed by five Western powers, to shape a formula that would create an independent Namibia. The state of 1 million, which is overwhelmingly black, is a former German colony that South Africa received under a League of Nations mandate after World War I. Representatives of the five-nation group seeking a settlement are Britain, France, West Germany, Canada and the United States.

Although South Africa had indicated in recent months that it saw a major problem in the role and impartiality of United Nations during a proposed transition period before full independence, South African officials suggested Monday that these were not major stumbling blocks now.

South Africa keeps 20,000 troops in the territory, and a UN force would replace these soldiers in order to supervise an election for an assembly that would draw up a constitution.

One South African official insisted that his government had every intention of agreeing to an independent Namibia, in part because of the cost of maintaining the territory: about \$1 billion a year. Once South Africa withdrew, the official said, it assumed that the United Nations and some Western nations would help financially underwrite Namibia. But South African officials expressed concern that the Soviet Union could "hold back" the SWAPO insurgents from agreeing to a settlement.

The dispute with ASLEF is over British Rail plans to abolish the traditional eight-hour shift in favor of flexible shifts of between seven and nine hours. The union says this could cost 1,000 jobs.

The rail strike ended Tuesday another week. British locomotive engineers are maintaining their call for an indefinite strike beginning at midnight Saturday. British Rail chief Sir Peter Parker said the strike, which will mean a complete shutdown of London's subway for more than a week was also suspended Tuesday.

An unemployment rate of 12.8 percent has weakened the bargaining position of union workers. Around 3 million Britons are out of work, the most since the great depression of the 1930s.

Time Lost Falls  
Strikes resulted in a third less work time lost to strikes in 1981 than the annual average during the previous 10 years, according to the Department of Employment.

Prime Minister Margaret Thatcher pledged, when she was elected in May, 1979, to curb wage increases as a step in her battle against inflation and to cut jobs in overmanned industries to reduce costs and make British products more competitive on world markets.

Setbacks for unions have intensified since January, 1981. In that month, 78 percent of those voting in a nationwide ballot of the state-run British Steel accepted a survival plan offered by the company. The Iron and Steel Trades Confederation union urged workers not to vote, but 65 percent did.

Steel Losses Dropped  
Since then, losses have dropped by one-third, output has increased to near capacity and the swollen workforce has been chopped from 208,000 to 100,000. It is set to go down again to 92,400 by next March.

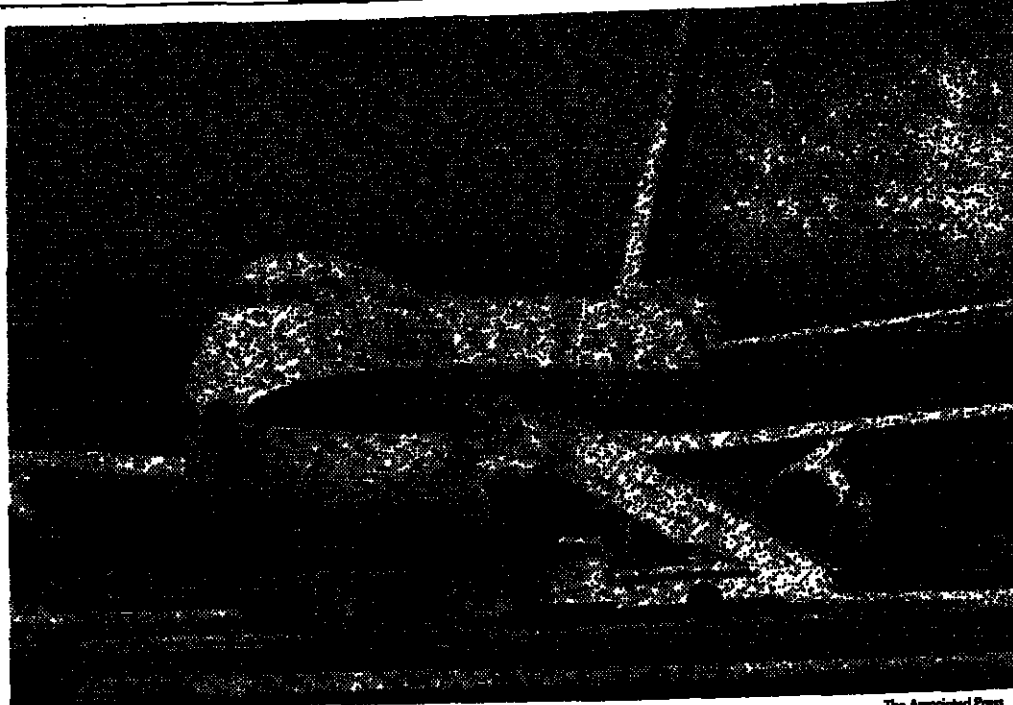
In July, 1981, after 21 weeks of job slowdowns and one-day strikes to force a 15 percent pay increase, 682,000 civil servants accepted the government's offer of 7.5 percent. The original offer was 7 percent.

Last November, union leaders at automakers British Leyland recommended workers strike for a 17.5 percent pay increase, after the company offered 7 percent and threatened plant closures if union members walked off their jobs.

The 58,000 autoworkers defied their union leaders and accepted. Four weeks later, technicians accepted their employers' offer of a 5 percent pay increase.

In January of this year, the coal miners' leftist leadership called for a strike vote because the state-run coal board had rejected its demand for a 15 percent wage increase. But the rank-and-file voted to accept the board's offer of 9.3 percent.

Nevertheless, union conflicts are far from over. As well as the new rail strike, a million employees in the National Health Service are staging sporadic strikes for a 12 percent pay claim.



A woman is helped from a hijacked Alitalia 747 Wednesday in Bangkok after being released by a Sri Lankan who seized the plane between New Delhi and Bangkok. He freed 143 of 260 aboard after learning his estranged wife and son were en route from Italy as he had demanded.

## Sri Lanka Hijacker Frees 143 on Plane in Bangkok

The Associated Press

BANGKOK — An accused drug trafficker said he was wearing a necklace of dynamite freed 143 of his 260 hostages from an Alitalia jumbo jet Wednesday after learning that his estranged wife and son were on their way to Bangkok from Rome as he demanded, negotiators said.

They said he talked to her while she was flying en route from the Italian capital. The woman and boy were expected to arrive in Bangkok early Thursday.

Those released included all the women aboard the aircraft, and all men under 19 and over 50. All were reported in good condition. Their identities were not immediately known.

The hijacker, identified as Sepala Ekanayaka, 33, of Sri Lanka, also demanded \$300,000 and told authorities that he had six accomplices aboard the jet, but the captain said he had seen only one air pirate when the plane was commandeered earlier Wednesday shortly after takeoff from New Delhi.

The Thai communications minister, Amorn Silpaarcha, said Alitalia agreed to pay the ransom money. But an Alitalia spokesman, Vincenzo Rossetti, said in Rome, "It's not true. We are not part of the negotiations."

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## Pretoria Cave Arms, Seychelles Court Told

United Press International

VICTORIA, Seychelles — South Africa supplied arms to mercenaries for an attempted coup in the Seychelles last November, a South African intelligence officer testified Wednesday.

However, Martin Dolinchek, the South African, said his government was not involved in the actual planning, providing weapons that had been captured during raids into Angola.

"As an officer in the National Intelligence Service, I believe the South African government was aware of the operation but was not involved in the planning, giving only tacit approval and arms but no money," Mr. Dolinchek said.

On trial for his life in connection with the bungled attempt to take power last November, Mr. Dolinchek said South Africa backed the mercenaries in order to insure landing rights for its national airline on routes across the Indian Ocean.

Mr. Dolinchek said South Africa feared losing landing rights on the Indian Ocean island of Mauritius. The United States had refused to give South African Airways landing rights on the Diego Garcia military base near Mauritius, he said.

Mr. Dolinchek said the leader of the expedition, the infamous Col. Michael "Mad Mike" Hoare, had told him the Kenyan government was going to fly in troops to maintain order after the coup.

"That way it would look like an all-African affair," he said. Kenya has repeatedly denied any involvement.

Mr. Dolinchek was part of a

## Romania Raises Prices in Bid to Cut Energy Use

The Associated Press

BUCHAREST — Romania boosted household heating fuel rates by an average 300 percent Wednesday and announced a planned 20 percent cutback in domestic energy consumption.

The government said that electricity rates would be increased an average 25 percent and that prices of liquefied gas, coal and firewood would also be increased. It is the sixth round of price hikes imposed this year. Earlier this year, prices went up for basic foods and gasoline, as well as postal, telephone and newspaper rates.

A state decree, signed by President Nicolae Ceausescu, said that the increases were triggered by the continuing world energy crisis and the need for a "more judicious" use of energy by Romanian households.

The decree, effective July 1, said that unspecified "compensations" would partly offset the price increases, which the statement said would total an estimated 2.9 billion lei (\$263 million) a year.

## Finn Aide to Visit Ireland

Reuters

HELSINKI — Foreign Minister Paer Stenback will visit Ireland July 26-28, the Foreign Ministry said Wednesday.

## Tell the homelinks how you're getting around Europe and make a pretty fare saving on the call.

Traveling through Europe can be a moving experience—and you want to stop just long enough to tell your family and friends about it. Check out the money-saving tips below, then give them a call. It's the first-class way to reach them—at bargain rates.



Save on surcharges. Many hotels outside the U.S. charge exorbitant surcharges on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel surcharges reasonable, go ahead and call. No Teleplan? Read on!

There are other ways to save money. Save with a shorbie. In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. And you pay for the callback from the States

with dollars, not local currency, when you get your next home or office phone bill.

Save these other ways. Telephone Company Calling Card and collect calls may be placed in many countries. And where they are, the hotel surcharges on such calls are usually low. Or you can avoid surcharges altogether by calling from the post office or from other telephone centers.

Save nights & weekends. Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable. Now you'll get more mileage for your money.

## WORLD BRIEFS 12

### Parole Haitians, U.S. Judge Insists

MIAMI — U.S. District Judge Eugene P. Spellman refused Wednesday to stay his order that the U.S. government grant parole to the Haitian refugees it is detaining. The Justice Department now has 1,900 Haitians in detention facilities in this country. The department also has said that until the appeal was resolved, the 1,900 Haitians in detention facilities in this country would keep the 1,900 Haitians in detention facilities in this country. The department also has said that until the appeal was resolved, the 1,900 Haitians in detention facilities in this country would keep the 1,900 Haitians in detention facilities in this country.

### U.K. Seeks to Avert Pipeline Ban

LONDON — The Trade Department said Wednesday it has taken the first steps to enable it to prohibit British firms from complying with the President Reagan's extension of a ban on supplies for the Siberian gas pipeline project.

It said Trade Secretary Arthur Cockfield issued an order citing "U.S. re-export control regulations as measures which are damaging to the trading interests of the U.K."

The Trade Department said, "This purported application of U.S. law, outside U.S. jurisdiction is unacceptable to the U.K. government and the government's view is unacceptable in international law." The department invited firms which consider they have been adversely affected by the U.S. action to make representations to the department.

### Poland Ends Nightly Curfew

WARSAW — Polish authorities ordered an end Wednesday to the nightly curfew of midnight for adults and 9 p.m. for youths under 18.

The curfew was imposed May 4, one day after street riots in which police used water cannon and tear gas to disperse youthful demonstrators numbering in the thousands.

The riots took place after an earlier 11 p.m.-5 a.m. curfew, which had been in force since the beginning of martial law in December, was lifted on May 1.

### Columbia Mission Is Nearly Flawless

CAPE CANAVERAL, Fla. — Columbia was flying an almost flawless mission nearly halfway through its final shakedown cruise Wednesday and a NASA flight director said the shuttle is ready for operational assignments on its next mission.

The astronauts, Capt. Thomas (Ken) Mattingly and Henry W. Hartfield, were working a heavy test load. Flight director Harold Droughbaugh was asked if the system was ready to go operational. "Yes, very much so," he said. "This flight has been most benign as far as systems performance, since then any of the shuttle flights to date. We have no significant problems."

In California, 186 miles below, Challenger was rolling off the assembly line to become the second in America's fleet of space shuttles. By 1983, four ships will be ferrying commercial, scientific and military cargo to space.

### Brutality Arrests Anger Italy's Police

ROME — Italy's police called angry union meetings and sent letters of protest to the government Wednesday following the arrest of five anti-terrorist officers on charges of mistreating members of the Red Brigades.

Five members of the special police, that liberated U.S. Brig. Gen. James L. Dozier from a Red Brigades hideout in Padua on Jan. 28, were charged Tuesday with aggravated assault.

Reliable sources said that officials had to resort to threats of disciplinary measures to prevent street demonstrations by policemen in several Italian cities.

### Swiss to Extradite Alleged Terrorist

LAUSANNE, Switzerland — The Swiss Supreme Court ruled Wednesday that a German woman, Gabriele Kroecher-Tiedemann, said to be linked to international terrorist Ilch Ramirez Sanchez, known as Carlos, can be temporarily extradited to West Germany to stand trial for her alleged part in the bloody 1975 raid on the OPEC headquarters in Vienna.

Miss Kroecher-Tiedemann, 31, who is serving a 15-year Swiss term for the attempted murder of two border guards in 1977, had filed an appeal against the decision on the grounds that West German authorities were not prosecuting her for political reasons. The court noted that she had not submitted any evidence showing that she had no role in the OPEC raid, allegedly masterminded by Carlos, a Venezuelan national, and in the 1977 kidnapping of an American industrialist.

West German authorities say she is suspected of being a Red Army Faction terrorist nicknamed "Nada" who killed two people in the OPEC raid. Miss Kroecher will return to Switzerland after her trial in Germany to complete her Swiss sentence. She is due for release in 1988 at the earliest and still has to complete an eight-year German sentence for the attempted murder of a policeman in 1973. She was freed two years later in return for the release of a kidnapped West German politician.

### Zimbabwe Makes Arrests in Shootings

HARARE, Zimbabwe — Police have detained eight soldiers and an undisclosed number of civilians in connection with a shooting incident outside Prime Minister Robert Mugabe's home last Thursday, Home Affairs Minister Herbert Ushewokunze said Wednesday.

Guns were fired at Mr. Mugabe's official residence, damaging the entrance gates. There were no injuries. Later, when they fired at the home of Supplies Minister Enos Nkala, guards killed one of the attackers.

During the weekend, police raided black suburbs outside Bulawayo, where suspected anti-government armed dissidents were believed to have hidden.

Compiled From Agency Dispatches

## Israel Is Said to Break Pact on Cluster Bomb

By Charles Mohr  
New York Times Service

WASHINGTON — Some U.S. officials have said that Israel agreed in 1978 not to use U.S.-made cluster bomb units except in combat with two or more "Arab states" and that Israel's admitted use of the weapon in recent fighting with Syria and the Palestine Liberation Organization might constitute a violation of the agreement.

However, this would have little practical effect unless President Reagan made a formal legal finding that a violation was "substantial," or both Houses of Congress adopt a joint resolution declaring Israel ineligible to receive U.S. arms, both of which are thought doubtful.

Two Israeli generals have acknowledged in recent days that some cluster bombs were used by the Israeli forces.

U.S. officials said the 1978 agreement with Israel on use of these devices was the third such accord reached, each one more tightly worded by the United States than the previous one. The agreement itself is secret, but several officials said it contained the plural description "Arab states."

Israel itself vigorously denies that the PLO qualifies as a nation state, and even Palestinian sympathizers would tend to agree.

Cluster bomb units is the name for a type of weapon in which hundreds of bombs are packed into a canister dropped from an aircraft. They were developed in the 1960s, and the earliest U.S. models employed in Vietnam used powerful bombs with considerable power to kill personnel.

Not Anti-Personnel Devices  
U.S. military experts said that of the two types of U.S. cluster bomb weapons that Israel possessed, neither was designed as an anti-personnel weapon. One, known as the CBU 58, and designed to disable "thin-skinned" vehicles such as trucks, radar antennae and radar vans, is no longer in production.

The city government has a rightist majority. Under the proposed law, the legislative branch would become a body of democratic differences in the arrangements.

### Paris Law Change Threatens Mayor

United Press International

PARIS — The Socialist government approved Wednesday a law that endangers what was previously seen as the certain re-election in 1



## White Big U.S. Crop, but Farmers Worry about Prices, Exports

By Seth S. King

NEW YORK, N.Y. — This is the year when Kansas is usually the state of the golden

harvest. But this time the golden harvest is being delayed by a late start in the growing season.

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## Democrats: Onward, Tentatively

Iowans Exemplify Mid-Term Uncertainty of Party

By Martin Schram

Washington Post Service

WASHINGTON — Art Hedberg, of Des Moines, who was big for Edward M. Kennedy in '80, has heard the call to battle again.

"I'm getting to be an old man," said the middle-aged attorney who was in the advance guard of the draft-Kennedy movement last time. "I don't know if I can do it again with him. I've never been in a campaign that lost so bad but had so much fun."

Another Iowan, David Manley, the county chairman from Mason City, observed: "I still like Kennedy, but I'm only leaning. I want to take a good look at Gary Hart."

Yearning and Uncertainty

For all the talk of who won and who lost in what order in the presidential election, the Democratic mid-term conference in Philadelphia last weekend, the uncertainty and fluidity of the presidential politics to come was reflected in the 13 delegates from Iowa, the nation's first presidential caucus state. They will be among the nation's earliest decision-makers in 1984 and they left Philadelphia enthusiastic but uncommitted.

Even as the cheers echoed through the Philadelphia convention hall, a number of delegates expressed a yearning for

new faces and uncertainty about the electability of the front-runners they were celebrating.

Mr. Hedberg and Mr. Manley reflected this. And among the Walter F. Mondale backers was Melvina Scott.

She came to Philadelphia backing Mr. Mondale, as she had backed Carter-Mondale in 1980, and came close to political ecstasy when his speech captivated the conference on opening day.

But Sen. Kennedy's emotional climax to the convention had brought her to the brink of conversion.

"Now they're both up there equally," said Mrs. Scott, an insurance agent from Waterloo. "I was going to divide my time between selling insurance and Mondale. Now maybe I'll sell insurance and Mondale and Kennedy too."

Mr. Mondale had the most to lose in Philadelphia. He was actually a front-runner by reputation only. After two years of traveling the country as a former vice president, he came out of the latest Gallup Poll as the presidential choice of only 11 percent of the Democrats polled.

Whomped by Sen. Kennedy's 45 percent, and just a few points ahead of the pack.

Even his circle of advisers had been privately cautioning that he was in trouble, that his candidacy seemed in danger of being

doomed before it started. And that he faced the risk of being written off by the Democratic insiders who were supposed to be his strength if he could not score better with the party loyalists and officeholders at the mini-convention than he was in the polls.

And so the Mondale camp was duly enthused — and relieved — when their leader, who was not known for his dramatic flair, scored grandly on the opening day.

Sen. Kennedy's goal was to heal the wounds from his challenge to the party's incumbent president in 1980. He did that by praising Jimmy Carter in his speech. And he seemed to make progress toward that end in his private meetings with delegates as well.

But Sen. Kennedy, with his brilliantly constructed speech, also won additional support that perhaps he did not realize he had to win. This was from Chuck Clifford, of Iowa's United Auto Workers, who was instructing in Mr. Carter's first victory in the state's 1976 caucus, but who became disillusioned and switched to Sen. Kennedy in 1980.

"Frustrated"

Before Sen. Kennedy spoke, Mr. Clifford had said: "I'm frustrated. I don't see the Democrats saying what I want to hear. About 35,000 auto workers (in Iowa) are unemployed. I'm sick

and tired of this. I'm not a young man anymore. I'm sick and tired of hearing platitudes from the candidates."

And after: "He buoyed me up again. I was apprehensive about another Kennedy effort because he took such a beating last time. But he seemed much more mature... a statesman."

The other five still have many months: John Glenn, whose fame still comes mainly from the trail in space he once blazed; Gary Hart, whose infatuation with issues and answers runs against the grain of traditional campaigning; and Ernest Hollings, Alan Cranston and Rabin Ashken, who are still little known nationally.



Edward M. Kennedy

## Reagan Reportedly Will Allow Donovan To Remain in Cabinet

By Steven R. Weisman

New York Times Service

WASHINGTON — President Reagan has come to feel that Secretary of Labor Raymond Donovan's continuation in the Cabinet may be politically damaging to his administration, but that Mr. Donovan should be allowed to remain in his job, according to White House officials.

These officials said Tuesday that Mr. Reagan or the White House press office would likely announce Wednesday that Mr. Donovan will remain as secretary. One key aide said the president and his staff wanted to make an announcement quickly to avoid the appearance that the secretary was being allowed to "twist slowly in the wind" while political opposition to him builds.

A special prosecutor announced on Monday that he had found no evidence to justify charging Mr. Donovan for any crimes when Mr. Donovan was a New Jersey construction company executive and fundraiser for Mr. Reagan's election campaign.

Fred F. Fielding, the White House counsel, was understood Tuesday to be close to completing his review of the 1,025-page report from the special prosecutor, Leon Silverman, who had been examining the allegations since late last year. One official, referring to Mr. Donovan, said: "It looks like he's going to be all right."

Political Liability

In interviews, White House officials last week suggested that Mr. Donovan had become a political liability to the president and that they had agreed among themselves that it would be best if he stepped aside. They said they had not conveyed this view to the secretary, however.

On Tuesday, the officials said two things had changed since then. First, as one official put it, "that was before we knew that the special prosecutor would come in with a totally clean bill of health for Donovan." Second, this official said, Mr. Reagan was determined not to be "swayed by arguments about what's good for him politically."

"The president is eminently fair-minded about this," said an aide to Mr. Reagan. "He feels strongly that it is important that Ray Donovan get absolutely fair treatment."

Another knowledgeable official said that Mr. Reagan could not bring himself to ask Mr. Donovan to leave if Mr. Donovan continued to want to remain on the job. This official said the president's customary unwillingness to dismiss aides who had been loyal to him had been compounded by the unpleasantness of the departure last Friday of Secretary of State Alexander M. Haig Jr.

Mr. Donovan's loyalty to Mr. Reagan extends back to the earliest days of his last presidential campaign, according to White House officials.

Ties to Democrats

Mr. Donovan had been involved in fund raising for some New Jersey Republicans, but had close ties to the Democratic Party organization in Hudson County and helped the Reagan team win support among key Democrats in New Jersey. Eventually he was credited by campaign associates with having

raised more than \$500,000 for the campaign, most of it in contributions of \$1,000 or less.

The special prosecutor's report said Monday that some subcontractors and vendors for the Mr. Donovan's firm, the Schiavone Construction Co., had felt pressured into making contributions to the Reagan campaign. But the report said there was no evidence of direct involvement by Mr. Donovan, and no evidence the federal election laws prohibiting corporate contributions to campaigns had been violated.

At fund-raising events in New Jersey, Mr. Donovan got to know both Mr. Reagan and his wife, Nancy, and impressed them with his effectiveness and loyalty.

TV Crews Found Alive in El Salvador

Reuters

SAN SALVADOR — Six television crew members have been found blindfolded but unharmed after falling into leftist guerrilla hands in fierce fighting near the town of Suchitoto, the army said.

Troops found the six men — working for NBC and Britain's Independent Television News — sitting close to the main Suchitoto-San Salvador highway Tuesday. The army said the journalists spent Monday night at an insurgent stronghold near Suchitoto after being held by the rebels.

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MP Seeks Arms For U.K. Police

Reuters

LONDON — The government was urged Wednesday to arm the police as one of the country's biggest manhunters continued for a gunman suspected of killing three men, two of them policemen.

Opposition Labor politician John Ryman said he had asked Home Secretary William Whitelaw to make a statement to Parliament on the recent murders of the two unarmed policemen in Yorkshire, adding: "The object is to persuade the Home Secretary to arm all police officers on duty."

British police are not armed unless on special protection duties or in emergencies such as this manhunt in which over 300 policemen are combing fields and woods around the north Yorkshire town of Malton in search of the gunman.

Cholera in Philippines

The Associated Press

ZAMBOANGA, Philippines — At least four people have died in an outbreak of what was thought to be Asian cholera on the remote southern island of Pangasinan in the Sulu Archipelago, health officials said Wednesday.

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Berkeley Follows San Francisco in Outlawing Pistols

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BERKELEY, Calif. — The Berkeley City Council has outlawed possession of pistols, but officials say the law will not be enforced until its legality is reviewed.

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Exempt from the Berkeley law are police, licensed security guards, military personnel, antique gun collectors, dealers who keep guns at a licensed store and those licensed to carry a concealed weapon.

## Reagan Signs Extension of Rights Law

By Herbert H. Denton

Washington Post Service

WASHINGTON — President Reagan has signed a 25-year extension of the Voting Rights Act of 1965 in a ceremony that brought the leaders of the major civil rights groups to the White House for the first time in its history.

Mr. Reagan used the occasion Tuesday to declare himself an unwavering defender of the right to vote, calling it "the crown jewel of American liberties."

He also attempted to diminish the significance of his differences with civil rights groups. "Yes, there are differences over how to attain the equality we seek for all our people," Mr. Reagan said.

"And sometimes amidst all the overblown rhetoric, the differences tend to seem bigger than they are. But actions speak louder than words. This legislation proves our unending commitment to voting rights. It also proves that differences can be settled in the spirit of good will and good faith."

But black leaders who attended said afterward that it had been difficult to secure Mr. Reagan's endorsement and indicated that they did not believe that his support signaled any significant change in Mr. Reagan's civil rights position.

Hooks Skeptical

Benjamin L. Hooks, president of the National Association for the Advancement of Colored People, praised Mr. Reagan for "belatedly" supporting the measure but said, "I don't think it indicates any change of heart at all." He added that the Justice Department has "systematically rolled back enforcement of civil rights legislation."

Jesse Jackson, president of Operation PUSH, was even more restrained.

"We're glad we celebrate the extension of the Voting Rights Act, but if it is extended as enforced, it is merely an Indian treaty. The focus now shifts from Capitol Hill to the Justice Department," he said.

First enacted in the Johnson administration, the Voting Rights Act was responsible for gaining millions of blacks in the South the right to vote and, as a result, substantially rearranging the political picture. One key provision, for example, requires the federal government to supervise elections in all or parts of 22 states, mainly in the South, that have poor minority voting records.

The commission urged in its advisory report to the Cabinet an end to automatic biannual cost-of-living wage increases and end to the linkages between net minimum wages and net minimum welfare payments and between civil service salaries and private sector earnings.

The commission members, who are mainly leading industrialists and former politicians from the major parties, also called for tougher rules for the unemployed, who presently are obliged to seek work only of a similar or higher status than their last employment, and a more attractive tax package for industry with relaxed rules on the use of foreign capital.

The commission also urged a return to free wage bargaining with a right to strike for civil servants, and said the government's power to impose wage restraint should be canceled.

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Boeing Co. Admits Illegal Payments To Sell 35 Aircraft; Fine Is \$450,000

The Associated Press

WASHINGTON — The Boeing Co. pleaded guilty Wednesday to concealing more than \$7 million in illegal commissions to sell 35 airplanes to foreign countries and to agree to pay \$450,000 in criminal fines and costs.

In a plea bargain worked out with the Justice Department, the giant aircraft manufacturer pleaded guilty in U.S. District Court to 40 counts of filing false statements with the U.S. Export-Import Bank in connection with its financing of Boeing's sales to airlines in Spain, Lebanon, Honduras and the Dominican Republic in the early 1970s.

Under the plea bargain, Boeing agreed to pay \$400,000 in criminal fines and \$50,000 in costs to cover the government's investigation of the scheme.

The 40 separate charges stemmed from loan documents filed by Boeing with the Export-Import Bank falsely certifying that only regular commissions had been paid to Boeing's regular sales agents.

The government charged that Boeing sold 35 aircraft for more than \$344 million including \$7,344,000 in undisclosed illegal commissions.

All the violations to which Boeing pleaded guilty occurred before passage in 1976 of the Foreign Corrupt Practices Act, which makes it a separate criminal offense for U.S. corporations to pay illegal commissions on the sales of their products abroad.

MP Seeks Arms For U.K. Police

Reuters

LONDON — The government was urged Wednesday to arm the police as one of the country's biggest manhunters continued for a gunman suspected of killing three men, two of them policemen.

Opposition Labor politician John Ryman said he had asked Home Secretary William Whitelaw to make a statement to Parliament on the recent murders of the two unarmed policemen in Yorkshire, adding: "The object is to persuade the Home Secretary to arm all police officers on duty."

British police are not armed unless on special protection duties or in emergencies such as this manhunt in which over 300 policemen are combing fields and woods around the north Yorkshire town of Malton in search of the gunman.

Cholera in Philippines

The Associated Press

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# Herald Tribune

Published With The New York Times and The Washington Post

## Hope for Missile Cuts

From THE WASHINGTON POST:

Ronald Reagan gambled in putting off for nearly 18 months his return to the strategic arms negotiating table. He figured to use the time to crank up a big arms-building program. What happened, however, was that large swaths of his public, American and European, became restless. As a result, although Mr. Reagan has been getting most of what he has sought so far in arms, he has had to mollify sentiment for a "freeze," sentiment that would hinder precisely the buildup he believes is essential to erase a putative Soviet missile lead and to make Moscow take his negotiating proposals seriously.

This is the context in which Mr. Reagan has been striding eagerly toward the table he turned away from earlier. He reached it Tuesday when START talks with the Soviets, aimed at the reduction rather than just the limitation of the nuclear weapons, the two sides aim at each other, opened in Geneva. The administration is not pleased to have the freeze movement on its back. It fears the Soviets will be encouraged to hang tough to see whether Mr. Reagan can keep his public with him into 1984. Still, the pressure on the president may not be altogether a bad thing — and not simply because it may compensate for the departure of Secretary of State Alexander Haig, the leading administration proponent of a moderate reading of President Reagan's strategic policy. The president brought much of his difficulty on himself; it

took him about a year, for instance, to start adjusting his public utterances to political realities and to drop the impossible conditions he had set for resuming arms talks — namely, that Washington first close the perceived Soviet missile lead and that Moscow first reform its international conduct. Even now there is legitimate debate about the premise on which he is entering START.

The premise is that the Soviets have a "bulge," especially in the highly accurate land-based missiles theoretically suitable for a first strike. The administration hopes to induce Moscow to yield that advantage; in exchange it would forgo some part of its new weapons plans. The Kremlin takes another view, acknowledging its lead in the branch of special administration concern but arguing that Americans excel in branches of special Soviet concern and that overall the two sides stand at rough parity. Its negotiating stand reflects this no-bulge premise.

For all of the administration's anxieties about the peace movements, it does not appear to face anything like the opposition to SALT-2 that Ronald Reagan helped organize and rode to the White House. That means Mr. Reagan has the opportunity to test his negotiating strategy. In urging the Soviets to look carefully at his proposals, he promised to look carefully at theirs. There is a basis for hope that, no matter how far apart the two sides are as they begin START, they can come closer as the talks go on.

## Reagan's Caribbean Fizzle

From THE NEW YORK TIMES:

The air is running out of the Caribbean Basin Initiative, for three reasons: President Reagan and aides show little sign of caring; as the November election nears, the power of protectionist lobbies grows; liberals and moderates suspect the plan is just a cover for new military aid to El Salvador.

The story is sadly familiar. Time and again the United States has proclaimed itself ready to foster growth and stability in its backyard. Enthusiasm lasts about six months, until full measure is taken of the resistance to anything that costs money or risks jobs.

President Reagan's plan was indeed bold. It envisioned benefiting 22 million people in 33 countries with trade preferences, investment incentives and \$350 million in emergency aid (including \$128 million for El Salvador). Preferential tariffs would be a break with American practice, but they confirm Reagan's faith in free-market development.

The heavy brood quickly chilled in Congress. Two wars, a presidential veto and the Haig resignation have been distracting. Even so, the initiative was never shown even a fraction of the ardor Reagan gave to selling

AWACS to Saudi Arabia. Contrary to the interests of the Caribbean (or of Americans, for that matter), the administration meekly yielded to sugar import quotas. The great initiative sits stalled in the Senate Finance Committee and is under attack from many sides.

Caribbean leaders still expect deeds to match Reagan's words. Their need is underscored by the plight of Costa Rica, an insolvent yet stable democracy. The country's troubles stem from its own mistakes and from similar coffee prices, soaring energy costs and the liberality of foreign banks, to whom it now owes \$3.2 billion.

In Washington last week, President Luis Alberto Monge heard the usual pieties about hemispheric solidarity. Maybe he will be helped before he must settle accounts with the International Monetary Fund. Congress in fact took the unusual step of expressly earmarking \$20 million as emergency aid to Costa Rica last winter. But the money has yet to be disbursed; what was meant as a gesture of solidarity is now hostage to the IMF deal.

If President Reagan really cares about the region, he has about two months of legislative time in which to prove it.

WASHINGTON — You don't have to be a great admirer of Alexander Haig to recognize that he was virtually insulted out of the State Department. In some ways he asked for it, and maybe he should have been fired or never hired, but the way they got rid of him was shabby.

Small incidents sometimes tell big stories. On President Reagan's recent trip around Europe, where Haig is more popular than he is at home, it was made clear to him by trivial slights that he should stay out of the president's limelight.

The purpose was clear and fair enough. This was the president's first trip to Europe and his staff did not want him to appear in Haig's shadow. The point is so obvious that you would assume it might have been handled with a word to the secretary, without relegating him to an inferior place on the president's plane or excluding him from the reception lines.

Haig's mistake — he had made it repeatedly from the beginning — was to take these incidents as an affront to him personally and the authority of his office. It is a very old tragedy in Washington: People fail in politics and the press when they begin to think they are what they are, for a short while, merely representing.

But this dodges the main points. There were differences in the admin-

istration about how to handle the wars in the Falklands and Lebanon. The president didn't handle them. And knowing that he wouldn't or couldn't, Reagan's principal aides went off on their own.

While Haig was insisting that the Israeli invasion of Lebanon, no matter how brutal, might finally lead to the destruction of the military presence of the PLO in Beirut and the possibility of a negotiated settlement of the Palestinian problem, the vice president and the secretary of defense were in Saudi Arabia denouncing Israel. The new head of the National Security Council, Judge Clark, was giving the same message to the Saudi ambassador in Washington.

The same problem existed over U.S. policy on the Soviet-European gas pipeline. At the European summit meeting, President Reagan did not tell the allies that he proposed to blacklist U.S. companies or their European licensees who cooperated in the pipeline project.

But with Haig out of town seeing Andrei Gromyko in New York, the president brushed aside the State Department's argument that this would infuriate the allies without hurting the Soviets. So Reagan ordered the embargo, just a few days before starting to try to reach a strategic nuclear arms agreement with Moscow.

One line runs through all this tangle of personality and policy and ends up in the Oval Office: The human and political problems were never faced with candor or even with courtesy, only with nonchalance.

The irony is that President Reagan's staff manipulated all this in the hope of making the skipper look presidential — and ended up by making him look ineffectual.

Clark gave the Saudi ambassador his own view of the Lebanon crisis. Vice President Bush told the Saudis what he thought of the invasion of Lebanon. Haig, who believes in lines of command, offered to resign — precisely what the Californians in the White House expected and wanted.

This was all very clever, but now that Al Haig is gone, what is left? Wally Stoessel, the deputy secretary of state, will be leaving at the end of the year, as promised. George Shultz has asked Larry Eagleburger, the undersecretary for political affairs, to stay on, and Eagleburger, as usual, has agreed. But the problem remains. The president may be more "comfortable" with Shultz than with Haig, and now more "in charge" of foreign policy with his California buddies. But, as we say around here at the changing of the guard, what he will do since he is now "in charge."

The New York Times



## Is the Purpose to Fight the Kremlin or to Compete With It?

By Marshall D. Shulman

NEW YORK — After President Reagan's speeches to the United Nations and the British Parliament attacking the legitimacy of the Soviet regime and calling for a global campaign to undermine it, a prominent American television commentator observed that the president's rhetoric toward the Soviet Union was harsher than his actions. This judgment obscures the fact that the rhetoric is not cost-free for America and that the administration's conflicting actions toward the Soviet Union reflect a confusion of purposes.

Toward what end is Reagan driving in his conduct of relations with the Soviet Union? One day he speaks of negotiations to bring the nuclear military competition under control. On other days he calls for a crusade to bring the Soviet system to its knees, for economic warfare, for maximizing the Kremlin's troubles in Eastern Europe, for playing on the nationalist sentiment of Soviet minorities.

Negotiations with Moscow to stabilize and moderate the competition in strategic nuclear weapons are at long last beginning, but no one can expect them to be productive when at the same time the administration seeks to bring about the collapse of the Soviet system.

It is imperative, given the confusion of purposes, that Americans think through where government's actions and policies are taking them and whether these serve the national interest.

There is cumulative anger and apprehension about Soviet conduct. The aggressiveness of the Soviet system at home is an offense against the human spirit. The Kremlin has shown little restraint in its military buildup and in its exploitation of conflicts in the Third World. The invasion of Afghanistan was a brutal violation of norms of international conduct. All this is

properly subject to criticism and condemnation. But there is a difference between firmness in defense of American interests against Soviet expansionism, and a provocative, belligerent crusade to bring down the Soviet system.

There has been a "hidden agenda" in policies urged by the extreme right even before the beginning of the Reagan administration.

Punitive actions against Moscow were taken by the Carter administration after the trumped-up trial and sentencing of the dissident Anatoli Shecharansky, the "discovery" of a Soviet brigade in Cuba, the invasion of Afghanistan and the exile of the physicist Andrei Sakharov to Gorki, and by the present administration after the crackdown on the Solidarity movement.

Diplomatic contacts have been drastically reduced; restrictions on economic relations have been progressively tightened, except for shipments of grain, exempted for domestic political reasons; cultural, academic and scientific exchanges have been reduced, and almost all the 11 limited cooperative programs set up a decade ago have been dismantled. Washington has talked of military cooperation with China. Ratification of SALT-2 was shelved after seven years of talks. America has sought to force the pace of the nuclear military competition.

Right-wingers who want to move step by irrevocable step toward a confrontation have supported these measures, the aim being to set the stage for an ideologically driven campaign to force either capitulation on American terms or collapse of the Soviet regime by exploiting its serious economic problems and its related troubles in Eastern Europe.

However, the more probable effect of this policy will be different. Whatever strains and costs may be entailed, Soviet leaders will further increase military programs in response to America's. The prospect for any serious arms control negotiations — as distinguished from propagandistic posturing by both sides — will further diminish, while both sides will deploy new weapon systems that are less verifiable and less stable than present systems.

The Soviet Union's conduct can be expected to be more combative in response to the U.S. challenge to its very existence. Every problem America faces in its foreign policy will be more difficult and more dangerous. Future Soviet leaders cannot avoid feeling that the option of a more constructive relationship has been foreclosed. The military and political-police bureaucracies will be further strengthened, and there will be an increase in the repressiveness that Americans wish to see eased.

The allies regard with apprehension this trend in American policy, as exemplified by the Reagan ban on the use of U.S. pipeline technology in European trade with Moscow. Alliances with Western Europe and Japan will be severely strained. Only China will cheer America on.

It is unlikely that the present Soviet regime can be overthrown by such policies. Even if it were, there are no grounds for believing it would be replaced by one that was more democratic. Most Soviet dissidents have eschewed a revolutionary course because they believe the alternative, if it came about in this way, would be more nationalistic and more repressive.

If we accept that the paramount and most urgent problem in relations with the Soviet Union is to bring the nuclear military competition

under more rational control, it follows that the primary U.S. objective must be to negotiate seriously with the Kremlin's present and future leaders, without linkage to other actions of the regime, however reprehensible they be.

The relationship is fundamentally competitive. The question is how to manage that competition in a way that best protects American security, interests and values.

If the United States succeeds in reducing the danger of nuclear war by maintaining a stable military balance at more moderate levels, there is no doubt that it can compete effectively in every other way. It will have the advantage in the political arena, provided it recognizes more clearly than now that the primary cause of instability in the world are the primary causes of the Soviet Union, however much it may seek to exploit them wherever they arise.

And if the long-term purpose is to move toward a less dangerous and more constructive relationship, Americans must consider what combination of incentives and constraints will lead future generations of Soviet leaders to see self-interest in conduct that is less repressive at home and more responsible abroad.

The policy of so-called détente was too imprecise and too inconsistently applied to be a useful model. The Soviet Union and the United States both have choices to make.

The writer is professor of international relations and director of the Russian Institute at Columbia University. He was special adviser on Soviet affairs to Secretary of State Cyrus R. Vance and Edmund S. Muskie, and he is author of the forthcoming book "Reason and Realism: U.S. Foreign Policy and the Soviet Union." He contributed this comment to The New York Times.

## The Case for an Interim Freeze on Strategic Weapon Systems

By Gerard Smith

WASHINGTON — As arms control negotiations begin in Geneva, the stated purpose of President Reagan's arms control proposals is to improve the "stability" of the strategic balance. But it is not at all clear that they would accomplish this purpose, especially since during the years that the president admits may be necessary to negotiate a new arms control agreement the United States presumably would be building missile systems that would threaten the Soviet Union's missiles even more than existing weapons do.

Put briefly, the proposals envision a two-step process.

In Phase I, both countries would reduce the total number of warheads on their ballistic missiles to equal levels at least one-third below the present number — to about 3,000 warheads each. Not more than half of these warheads could be placed on land-based missiles, the rest on submarines. These reductions would take place as soon as possible.

In Phase II, some time in the future, America would seek equal ceilings on other kinds of strategic weapons on systems (these other systems are undefined) and on ballistic missile payloads — in both cases, ceilings lower than current American levels. Cruise missiles and bombers would also eventually be limited equitably.

To these proposals the president added sensible words about American willingness to listen to Soviet counterproposals and about not ruling out the possibility of any weapon. In his words, "Everything is on the table." And he promises not to undercut SALT-2 if the Russians don't.

The Soviet Union's reaction was predictably unenthusiastic. The American proposals, it said, were unfair: They would reduce systems central to Soviet security while having less impact on U.S. weaponry. Three-

The writer was chief U.S. negotiator in arms limitation talks from 1969 to 1972. This is the second of two articles.

course now would be to ratify SALT-2, and with its ceilings nailed down, move on to reductions which, in addition to setting lower overall levels for missiles and warheads, would limit the number of warheads each missile can contain. But the proposed MX missile deployment plan called Dense Pack would not be consistent with SALT-2 and may not even be consistent with the 1972 treaty sharply limiting anti-ballistic missiles.

Already administration officials are saying that not every proviso of SALT-2 need be lived up to. This is a dilemma that the administration will soon have to resolve.

What is needed, in the meantime, to prevent the development of new, destabilizing weapons is an interim freeze on all strategic nuclear systems. Failing that, further destabilization might be prevented by a congressional resolution endorsing SALT-2 or firmly holding the administration to its promise not to undercut that pact. Certainly the prospects for reaching a new agreement will be somewhat brighter if the administration and Congress decide not to deploy the MX in a way that would be inconsistent with SALT-2.

Better still would be a decision to modernize the missile force in some other way — perhaps to shift a larger part of it out to sea.

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The arms control process has a dynamic of its own, and these gloomy prospects of destabilization may be dispelled if Reagan can put aside public posturing and pursue START negotiations in earnest. No man chosen to be head of his government and state can remain indifferent to the possibility of a special place in history that would be reserved for the peacemaker who succeeded in curbing the nuclear arms race.

President Reagan seems ideally placed to negotiate and assure full congressional support for any agreement that results from this round of strategic arms talks. He is said to be deeply and personally committed to making a success of START.

He should be given every chance.

The New York Times

## LETTERS TO THE EDITOR

### Lebanese Realities

Professor Nadav Safran's comment ("An Imaginative Solution for the Middle East," *HT*, June 14) reflects considerable political wishful thinking. While he is correct that the Israeli move into Lebanon makes possible some political reconstitution of that country, and that urgent American peace initiatives are needed, it is naive to think that the defeat of the PLO military wing puts the Camp David process on track again.

Lebanon was never effectively unified, in the sense of common national identity. The majority of old Lebanese political parties opposed the existence of the state, and there were totally separate Moslem and Christian school systems long before the PLO and the Syrians moved in. Prof. Safran fails to mention the concept of majority rule in his constitutional

suggestions; this is the thorniest issue — and the reason no Lebanese census was taken after the mid-1940's.

Still, the Lebanese experience and the effect of war-weary offers some hope that a constituent assembly might produce a working constitution. Something would have to be done to disarm the roving political gangs, reform the traditional system of Lebanese political "bossism" and create more than a "small" Lebanese national army to keep order.

Far more dubious is Prof. Safran's contention that the PLO defeat and Syrian weakness will make Jordan, Saudi Arabia and the West Bank and Gaza Palestinians more amenable to an Israeli-U.S.-inspired settlement. PLO threats were hardly the primary reason for Camp David's failure to attract wide support. The PLO following among West Bank mayors, some of whom have been clumsily

exiled, and among Palestinians in all walks of life had far deeper nationalist roots than mere fear of reprisals. Jordan and Saudi Arabia are compelled, for domestic reasons, to pay heed to Palestinian nationalism, not simply to PLO power.

Prof. F.S. PEARSON,  
University of Missouri, St. Louis.

### Israeli Credibility

Regarding "Israel's Have Lost a Luster" (*HT*, June 28). The truth is that Israel has gained credibility by its operation in Lebanon. It has gone all the way to Beirut to root out the terrorist organization that has been afflicting it for the better part of 20 years. The Lebanese know the Israelis are not in Lebanon to win territory but to ensure credible security.

H. PHILIPPE,  
Corcelles, Switzerland.

## JULY 1: FROM OUR PAGES 50 AND 75 YEARS AGO

### 1907: Bathing Suits in New York

NEW YORK — Bathing suits may be worn in New York, anywhere in Broadway, Fifth Avenue or Coney Island. This is the official reply of the corporation counsel, Mr. Ellison, to Police Commissioner General Bingham's inquiry on behalf of the Rockaway Taxpayers' Association, which asked him "How far can bathing suits go in the area of use and as to the material, as a legally sufficient costume?" The police are not censors of public morals, says Mr. Ellison, and citizens can dress as they please as long as their attire is not a disgrace or a breach of public decency. Meanwhile, the street cleaning strike is still serious and garbage heaps are appearing in the West Side residence district.

### 1932: Prince Advises the Empire

LONDON — The Prince of Wales, confined to bed under doctor's orders with a chill in the stomach, was unable to attend the Canadian Dominion Day dinner here at which he was to have made the principal speech. His speech, however, was read by Prince George and proved a surprise in that the Prince of Wales appeared to take sides publicly in the matter of domestic and imperial policies. He considered the question whether at the Ottawa conference Great Britain should strive for an empire economic bloc with a high tariff wall against the rest of the world, or merely seek a mildly preferential agreement leaving the way clear to extend trade outside the empire. The Prince took the latter view.

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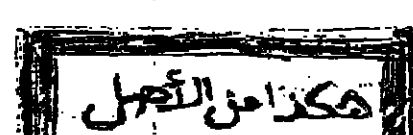
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## INSIGHTS

# Mexico's New President Is Sole Certainty In Unknown Political, Economic Future

(The question is not who will win; Miguel de la Madrid Hurtado is sure to be elected president of Mexico on July 4 because the country's political custom dictates that the incumbent's chosen successor is always elected. The question is: What will the new administration mean to Mexico's depressed economy, its Caribbean influence and its relationship with the United States? In an excerpt from *The New York Times Magazine*, *Times* Mexico bureau chief Alan Riding outlines the causes of Mexico's financial woes, traces Mr. de la Madrid's political career and assesses what effect the new president, who has "a less parochial view of the world than his predecessors," will have on his country's foreign and domestic policies.)

By Alan Riding

New York Times Service

**MEXICO CITY** The crowd of miners and peasants waited patiently all afternoon as the desert sun inched across an azure sky and disappeared behind the barren mountains that surround Concepción del Oro. Then suddenly, through the crowd, bodyguards guided a handsome man with warm eyes and graying temples as people jostled him good-naturedly. Finally reaching the speaker's stand, he looked past flags and banners to a horizon of faces straining for a glimpse of the man almost certain to become Mexico's next president.

Then, his deep, amplified voice echoing across the town, Miguel de la Madrid Hurtado spoke, saying that Mexico is still an unequal society, promising to fight for greater social justice and asking the crowd for its vote in the national election being held Sunday, July 4. (There are six other long-shot candidates.)

From the town plaza, Mr. de la Madrid went to yet another meeting in a nearby school, where a panel of local citizens expounded the problems of this and region 400 miles northwest of Mexico City. "We're fed up with engineers and doctors and technicians who offer solutions that we never see," Catrino Lara told him. "We don't want more promises and more studies. We're sure there are resources to rescue us from our poverty." Other complaints and suggestions followed and, for two hours, Mr. de la Madrid took notes but did not speak.

"The country demands change," Mr. de la Madrid had said. "I will obey its mandate." But, in practice, what will this mean?

## Urgent Question

The answer is crucial not only to the country's 73 million inhabitants but also to the United States, which, after decades of neglect, now recognizes its southern neighbor's strategic and economic importance, and to the convulsed Caribbean region, where Mexico's influence has increasingly been felt in recent years. And the question has gained particular urgency over the past four months as an oil-priced boom has tumbled Mexico heading into a deep economic crisis that has shaken

domestic confidence in the country's legendary political stability.

Yet, in a political system where each president is enormously powerful while in office but cannot seek re-election, hope is somehow reborn every six years. And as public attention shifts from President José López Portillo, Mr. de la Madrid has begun to project a new and different image across the country: The Institutional Revolutionary Party that has ruled Mexico without interruption since 1929 is once again offering change to the system, paradoxically, can survive unchanged.

Among the half-dozen ministers in the outgoing administration who aspired to the presidency, Mr. de la Madrid was the one most identified with Mr. López Portillo's policies. But such is the power and responsibility of each incumbent that Mr. de la Madrid, even though he held the post of minister of planning and budget, has largely escaped blame for the current economic crisis. His aides insist that he cautioned against some of the policies that led to Mexico's recent economic crunch, but excuses are unnecessary: Mr. de la Madrid will be judged only after he steps out of the shadow of his predecessor and takes office on Dec. 1.

Of provincial middle-class background, Mr. de la Madrid studied law at Mexico's National University, then immediately began a career in government, working for state-run banks. Mr. de la Madrid, who received a master's degree in public administration from Harvard University in 1965, subsequently went to the Finance Ministry, where, in the early 1970s, he served under Mr. López Portillo, who was then finance minister. He began in the current administration as an obscure undersecretary of finance; only in 1979 did he become Mexico's chief economic planner, assigned to prepare a strategy of administering Mexico's new oil wealth.

## Unhappy Politicos

In the process, Mr. de la Madrid became Mr. López Portillo's closest economic adviser. His reputation remained that of a conservative, politically inexperienced technocrat with too many friends in the private sector. When Mr. López Portillo exercised the prerogative of outgoing presidents and chose Mr. de la Madrid as his successor, the old party politicos were decidedly unhappy.

Still only 47 years old, 15 years Mr. López Portillo's junior, Mr. de la Madrid is a member of an entirely new generation of officials who came of age in the 1950s, when the fervor of the Mexican revolution survived only in slogans. Despite his provincial upbringing, Mr. de la Madrid, who will become the first Mexican president to have studied in the United States and to speak fluent English, has a less parochial view of the world than many of his predecessors.

Mr. de la Madrid appears to be disciplined and austere. He has a reputation for scrupulous honesty and, while living comfortably in a colonial-style house in Mexico City's suburb of

Coyoacan, he has never displayed a taste for the trappings of wealth and power so common among Mexican politicians. Some observers recall, though, that President López Portillo also began simply.

Mr. de la Madrid's campaign has been, by his own admission, an educational process. "When people say they have no drinking water, that at times they must share water with animals, when you realize the indices of infant malnutrition and sickness in depressed zones, obviously you have an emotional reaction," he said. Consequently, he has promised a much stronger commitment to social change than many political analysts had anticipated just a few months ago. In the course of his campaigning, Mr. de la Madrid has spoken about the many tasks ahead of Mexico, but although he promises greater democracy, a major tax reform and decentralization of power away from Mexico City, he has as yet no specific programs.

## Nervous Mood

The mood of Mexico continues to be one of extreme nervousness. "We are passing through an economic crisis," noted Mr. de la Madrid, who has stated that his top priority will be curtailing inflation, "but the worst is that it is provoking disheartenment, skepticism or indifference and, at times, indignation and irritation." In reality, he believes this "phenomenon of social pathology" is limited to the urban middle and upper classes.

Oil, Mexico's blessing and its curse, is largely to blame. During the López Portillo administration, proved hydrocarbon reserves rose elevenfold to 72 billion barrels, and daily production tripled to 2.4 million barrels. Yet, to maintain growth in a sellers' market, the state oil monopoly, Petróleos Mexicanos, invested more than it earned. With oil in the ground and beginning to bubble up, though, foreign bankers were happy to make loans to Mexico that, by the late 1970s, had one of the few expanding economies in the world. Gradually, the economy became addicted to oil.

The softening of the world oil market last summer came as a shock. The foundation stone of Mexico's boom had shifted and confidence was shaken. Suddenly, a flight of capital began, stimulated by an overvalued peso. The loss, though, was made up for foreign loans. In 1981 alone, the government's foreign debt increased by \$18 billion to \$52 billion, which, when added to a \$20-billion private foreign debt, placed Mexico alongside Brazil as one of the world's most indebted developing nations. By early February of this year, the hemorrhaging of dollars was out of control and, on Feb. 17, just two weeks after promising to fight for the peso "like a dog," President López Portillo ordered the Bank of Mexico out of the money market, and the currency immediately plummeted.

Yet the nation's current economic turmoil cannot obliterate the achievements of the past five years. Most important is the creation of

some 4 million new jobs, clearly the regime's principal contribution to social justice.

Industrially, the results were more impressive. Oil-refining capacity doubled, petrochemical production tripled, steel output increased by 50 percent, generation of electricity by 70 percent and production of fertilizer by 90 percent. And, even if Mexico now takes one step back, its economic infrastructure has been greatly strengthened for any future steps forward.

## Malnutrition Increases

Growth, though, has not meant improved living standards for most Mexicans. For the mass of unskilled workers and peasants—that 45 percent of the labor force described as "underemployed"—inflation has eroded real wages, and most consider themselves worse off than five years ago. Indeed, malnutrition has increased in rural areas. Although the López Portillo administration created an ambitious program to guarantee drinking water, basic foods and health care for the country's poorest, social conditions in much of Mexico remain inadequate.

Mexico, though apparently hypnotized by its domestic troubles, has gained a world stature that the incoming government is unlikely to surrender. With oil, Mexico gained entry in 1980, it took a seat on the United Nations Security Council for the first time since 1946 and became identified with the struggle for world economic reform that led to the North-South summit meeting at which Mr. López Portillo was host in October in Cancun. After a difficult adjustment period during the Carter administration, marked by frequent bitter clashes, President Reagan has begun to treat Mexico with the attention and respect that it had long sought from Washington.

Nowhere, however, was Mexico's new influence more felt than in its Central American backyard. Two months before the July 1979, Nicaragua revolution, it broke relations with the Somoza dynasty; then, almost protectively, it lavished the new Sandinista regime with economic aid and political support. Arguing that revolution was also inevitable in El Salvador, it gave succor to that country's guerrilla-led opposition. And, insisting that leftist movements should be co-opted by the West rather than surrendered to the Soviet bloc, Mr. López Portillo established a close relationship with the Cuban leader, Fidel Castro. In February, the Mexican president even offered to act as a "communicator" between the Reagan administration and Cuba, Nicaragua and the Salvadoran left.

## New Challenges

Even with the shine off its oil boom, Mexico's economic weight cannot be ignored. It is now the third-largest U.S. trading partner, with \$35 billion a year in exports and imports; it has the world's fourth-largest oil production and fifth-largest hydrocarbon reserves; it ranks 13th among the West's industrial powers—and it owes \$72 billion abroad. Further, in the



Miguel de la Madrid Hurtado

Caribbean Basin, it has become an important aid donor, providing cheap oil, through a joint Mexican-Venezuelan plan, to the region's hard-pressed economies.

Mr. de la Madrid is expected to continue Mexico's traditional policies, but he will face new challenges, some uncomfortably close to home. In an apparent reference to U.S. policy in Central America, though, he noted recently: "We are strongly opposed to any military intervention or use of force to resolve political problems." And he added: "Our destiny as a sovereign and independent nation is linked indissolubly to what happens in this region."

Mexico's relations with the United States are both complex and institutionalized. Numerous bilateral issues—fishing rights, trade and illegal Mexican aliens—await solution, while Central America remains a permanent point of contention. But the close friendship between President Reagan and Mr. López Portillo, evidenced by four separate meetings last year, has enabled them to "agree to disagree"

on these problems without poisoning their relationship.

The real importance of the change of Mexican administrations to Washington, though, will not be in foreign policy. Nor is the fundamental U.S. security interest to be measured by its access to its neighbor's huge oil resources. Rather, sharing a 2,000-mile border, Washington's single overriding priority must be to bolster Mexico's domestic stability.

And now, more than ever, in areas of credit, trade and migration, Mexico is vulnerable to moves by the United States that could delay its economic recovery and bring unwelcome political repercussions. Mr. Reagan showed understanding by purchasing Mexican oil for the U.S. strategic reserve after Mexican oil exports fell sharply last year. And, following his election, Mr. de la Madrid will almost certainly visit Washington in search of similar understanding. A helping hand to the incoming Mexican administration would, therefore, be an act of self-interest by the United States as well as a guarantee of future good relations.

# Wave of Applicants for Political Asylum Flooding U.S. Immigration Bureaucracy

By Caryle Murphy

Washington Post Service

**WASHINGTON**—Thirty-six Nicaraguan men, women and children walked across the Mexican border into Texas without benefit of visas one day recently. Instead of hiding from U.S. immigration officials, they headed straight for the U.S. Border Patrol office in McAllen, turned themselves in and asked for political asylum.

Just two weeks earlier two Polish stowaways had emerged from crates on the docks of Baltimore. Haled before immigration authorities, they filed for political asylum.

Almost daily, Salvadorans living illegally in the United States appear at deportation hearings; increasingly, they ask for asylum. And 2,000 Haitians now being detained say they intend to do the same when their hearings are held.

## Asylum Requests Up

More people are requesting political asylum than at any other time in U.S. history. A record number of applications—more than 105,000—is now on file with the U.S. Immigration and Naturalization Service. Just two years ago, when Congress significantly broadened the eligibility requirements, the average number per year was around 2,500, according to an Immigration Service spokesman.

Numbers are not the only change. Once primarily a passport to the United States for the disaffected elite of Communist countries, political asylum, which enables a foreigner persecuted in his homeland to circumvent U.S. immigration laws and remain here indefinitely, is now being requested by citizens from all walks of life and a wide range of countries.

The flood of requests has added a new element to the already controversial debate over the nation's immigration policy. Some federal officials charge that many requests are being filed solely in the motive of gaining time for illegal immigrants who would ordinarily be deported.

"Political asylum is being used as a ploy to obtain additional time to remain in the U.S.," said Kellogg Whitlock, the Immigration Service's district director for Washington, D.C., and Virginia. "Even if these claims are very weak, they have to be given consideration. And while the case is being assessed, they [the individuals requesting asylum] are given time in the U.S."

The bureaucratic machinery dealing with asylum applications has "completely broken down" because of the increased workload, says one Justice Department official, causing long delays in getting responses to applications.

## Asylum Process Scrutinized

It also has brought closer scrutiny of the asylum process by civil rights, minority and congressional groups, some of which charge that an objective review of asylum petitions and the human rights of an individual sometimes are overridden by the dictates of foreign policy.

Specifically, critics mention a "pattern of denials of asylum" for Haitians and Salvadorans because the U.S. government supports both those governments.

"It's embarrassing [for the United States] to call people from 'friendly governments' refugees," said Steven Horbelt, a local legislative aide.

Mr. Horbelt also charges a racial motive for a long delay in adjudicating Ethiopian asylum petitions, some of which have been pending since 1977.

Still other critics question why members of the Soviet elite receive asylum although they could not really be said to be persecuted at home. "A Soviet ballerina is not granted asylum because of political persecution, but to embarrass the Soviet Union," said Robert Kennes, an immigration lawyer.

More than half the 105,000 requests for asylum on file are from Cubans who came in the sudden flood from the island in 1980. Iranians are next, with 14,778 applications, followed by 10,938 Nicaraguans, 10,287 Salvadorans, 5,646 Haitians, 3,843 Poles, 1,457 Ethiopians, 1,114 Afghans, 751 Chinese from Hong Kong and Taiwan, 745 Lebanese and 673 Iraqis.

## 9 Haitians Win Asylum

According to the statistics, few Salvadoran or Haitian petitions for asylum have been successful. From July, 1980, through last March, only nine Haitians were granted asylum, although more than 5,000 Haitian applications were on file during that period. And between October, 1980, and March of this year, only 26 Salvadorans were given asylum.

Ethiopians have experienced long delays in having their petitions reviewed, but in 1980 and 1981 they ranked third, and in 1982 they were fourth among nationalities receiving approvals for asylum.

Other nationalities whose applications were approved in large numbers in the last 2½ years include Iranians, Afghans, Nicaraguans and Poles.

Melvin Levitsky, the State Department official who oversees applications for asylum, denies allegations of political or racial bias. Ethiopian claims were not reviewed, he says, because under a special exemption Ethiopians were allowed to stay for several years after the Marxist revolution in their home country.

Mr. Levitsky, senior assistant deputy secretary of state for human rights, said most Haitians have been coming to the United States because their own country was poor, and that although El Salvador has a "general climate of violence," that is grounds for granting asylum.

"The individual still has to prove he specifically would be persecuted; that's what we look at," he said. "Asylum is not designed for those fleeing civil or guerrilla war or because it's a poor country.... Random violence, as unfortunate as this may be, is not a condition on which asylum is granted.... Asylum is not a substitute for an immigration program."

As for the claims involving U.S. citizens, Mr. Levitsky says: "We give asylum based on the knowledge of what happens to people when they go back, and we know that a Soviet who wanted to defect and went back would be persecuted."

## Immigration Policy Revised

Population increases, lack of economic opportunities in poor countries, revolutions, invasions and wars have all contributed to the surge in applications for asylum. But the main reason is a change in immigration law enacted by Congress two years ago.

Under the old law, asylum covered only persons fleeing from the Communists, bloc or the Palestinian-Israeli conflict in the Middle East. For anyone in these categories, asylum was virtually automatic; for anyone else, it was next to impossible.

In 1980, Congress redressed this bias as part of a comprehensive overhaul of refugee legislation. Political asylum was opened to all nationalities by incorporating into U.S. law the United Nations definition of a refugee, or

someone seeking asylum. Under that definition, anyone who can show a "well-founded fear of persecution on account of race, religion, nationality, or membership in a particular social group or political opinion," is eligible for asylum or refugee status in the United States.

"For the first time in our history, the U.S. has become a country of first asylum on a mass scale," said Dale Schwartz, national secretary of the American Immigration Lawyers' Association. "We used to be a place where, except for the isolated instances of a Soviet ballet dancer or a seaman jumping ship, refugees applied somewhere outside the U.S. and came here in an orderly fashion.... But we never anticipated that nearby nations like Cuba, Haiti, would become unfriendly or that conditions there would become such that hundreds of thousands of people would flee & want to come to the U.S."

In theory, someone seeking political asylum differs from a person seeking refugee status only because he or she is already in U.S. territory. But in practice, this gives asylum-seekers a distinct advantage. A person asking for refugee status overseas has a one-shot chance: an interview with an Immigration Service official, whose decision cannot be appealed. Moreover, there are yearly refugee quotas set by Congress.

## State Department Advisory

A person seeking asylum, however, makes his request to a local Immigration Service district director, who asks the State Department's Bureau for Human Rights and Humanitarian Affairs for an "advisory opinion." Although called advisory, the State Department's reply is invariably followed by the Immigration Service officials.

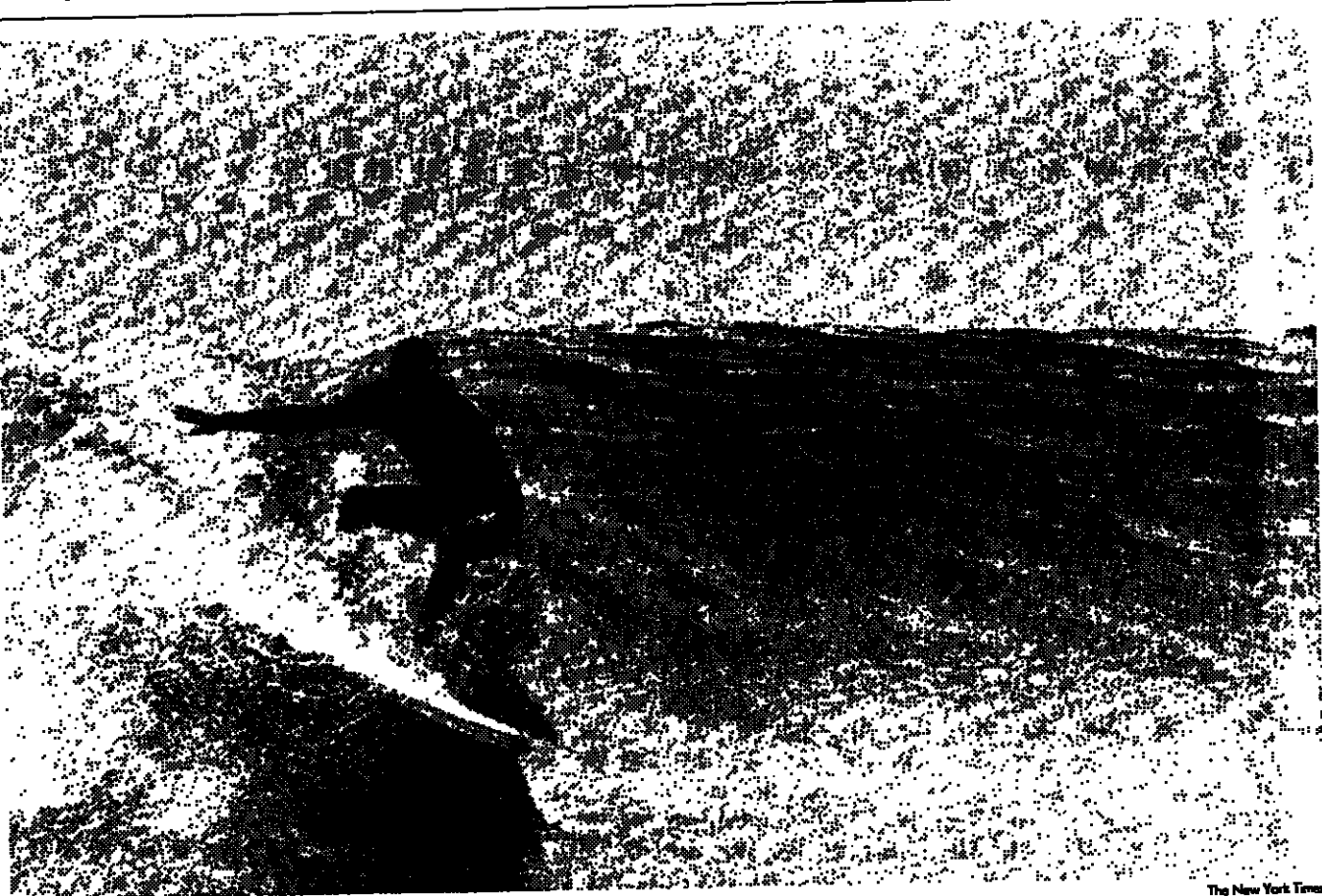
"If the request for asylum is turned down, the applicant can appeal it through several layers of the Immigration Service bureaucracy and eventually challenge it in the federal courts. If he has the money and time to do so. And there is no limit on the number of persons who can be granted asylum in one year."

More important, an applicant cannot be deported while his petition is being considered. "You just don't move a person with an asylum application pending," said one Immigration Service deportation officer. This is becoming more widely known among those seeking to enter the United States.

For U.S. chief patrol agent Larry Richardson in McAllen, the idea that the Nicaraguans' actions might become a trend is a "terrifying thought. What it amounts to is that anyone can come across the border and automatically stay as long as he wants to fight you on removal. It's frustrating to our efforts to prevent illegal immigration."

Congress presently is considering proposals to streamline the asylum procedure and meet criticisms about foreign policy interference. Applications for asylum would be considered by 70 independent "immigration judges," attached to the Justice Department and versed in immigration law and international relations.

Court review of denials of asylum would be sharply curbed and an alien would have only 14 days to file for asylum after notification to depart from the United States. "These changes will give the system a chance to work, and will be doing good for those people who have genuine claims," said David Hiller, a senior Justice Department official. "It will separate them from those who are essentially gate-crashers and who are using asylum as a pretext to stay in the U.S."



One surf enthusiast found his big wave near Los Angeles.

# California Surf's Up, So Are Tempers

By Judith Cummings

New York Times Service

**MALIBU, Calif.**—The waves are not the only things that clash on California's beaches. So, sometimes, do the surfers.

A version of the Western range war has sprung up on Southern California's prime beaches, a sort of surfers' turf dispute whose antagonists are mainly locals, who live near the beaches, and inlanders, who do not. In Malibu, "inlanders" translates into "the valleys," a term for young suburbanites from the San Fernando Valley.

"There's too many people on the waves," said Dave Radford of Malibu, who struck a powerful figure emerging from the surf the other day totting a board decorated with the word "aggression."

"If they don't live around here, they shouldn't surf around here," he said. "People pay high rent to live here and surfing is the reason for it."

The source of the friction is that surfing popularity has grown to the point that demand for good waves exceeds the Pacific Ocean's supply.

"Valleys Go Home," warns beach graffiti. Radio stations play "My Wave," a tongue-in-cheek look at localism by a group called the Surf Punks.

## Good Surf or Bad

A spokesman for the lifeguards division of the Los Angeles County Department of Beaches, where most surfing is practiced, put the number of surfers at 100,000. However, more than number and territory are involved in the conflict—there are also matters of style, dedication, dues-paying and age.

Locals contend that they pursue the sport day after day, in good surf or bad, patiently waiting for the right wave. The valleys, they

complain, drive out to the beach only on good days and then hog the best waves.

The valleys, in turn, tend to dismiss the beach residents as spoiled rich kids who would not recognize a "360," from an "off the lip." These are two of the fancier maneuvers, one calling for circling down and up again on the face of a breaking wave, the other for skittering the board to the lip of a wave and diving, still on the board, precipitously down the dropoff.

Back in the good old days, the 1960s, the very image of a California surfer was of a lone rider mastering a plunging breaker, at one with sea and sky. Now a new breed has hit the waves, aggressive, competitive and equipped with 5½-foot boards that are to the old nine-footers what Porsches are to Cadillacs.

Third Point at Malibu, a quirky spot of sand that helps the waves break just right, is one of the hottest spots on the Southern California coast. Dave Radford works nights as a computer operator and his roommate, Larry Sterns, works weekends, just so they can have their days free to surf the Point. They share an apartment on the Pacific Coast Highway.

Ron Goad and Brian Courtney, from Sherman Oaks and Tarzana, view "surfing the Point" from a valley perspective.

"The valleys are the better surfers," Mr. Courtney said. "The guys that live here are little rich kids. They just stand on a wave. We do turns and maneuvers. Takes good skill. If an old guy on a long board comes up to Third Point, we get ticked off."

Sometimes the dispute takes on a nasty edge, usually at the isolated spots favored by the elite. Surfers tell of incidents at Malibu, for example, and at Palos Verdes and Oxnard. Fights have been known to break out,

tires have been slashed and sometimes a surf rider will cut loose his board like a seagull missile, deliberately endangering a rival for a wave.

"There are occasional fights in the ocean over somebody taking somebody's wave," said Sgt. Gilbert Gwaltney of the Malibu station of the Los Angeles County Sheriff's Department. "But this isn't normally a real serious problem."

"They call some of the locals 'surf Nazis,'" said Dave Story, a lifeguard at Manhattan Beach. "It's just a term, but it's the kind of militant attitude they exhibit."

Many inlanders say they do not take turf consciousness seriously. "You've got your basic surf rat down here, the blond-haired, bleached-out, radicalized dude," said Paul Conn of inland Pasadena after surfing at Zuma Beach. "They're just geared toward drugs and surfing and girls and not going to school."

"A surfer," he added, "doesn't have much purpose in life—not the hard-core ones."

## No Responsibilities

Mark Forsite, with his friends Gary Kraus and Bill Perry, would probably not quarrel very much with that description. They boasted that they come to surf every day from their homes in Malibu Canyon.

"I do not even have one responsibility," Mr. Perry said. "And I don't want one."

Mr. Forsite added, "I'm 19 and I've never had a job." He repeated it later, for emphasis. "My parents give me everything: A surfboard, a car—that's everything you need."

Although they consider themselves locals, their philosophy was live and let live. Mr. Forsite smiled and added: "As long as they don't snafu us on a wave."

"And bring nice chicks," one of his friends said.



THURSDAY, JULY 1, 1982

## BUSINESS BRIEFS

## Mannesmann Sees Improved Results

DUESSELDORF — Mannesmann said Wednesday that it expects its 1982 results to exceed those of 1981, when the company had group profit of 272 million Deutsche marks (\$110 million) on external sales of 15.4 billion DM.

The steel, pipe and machinery maker's managing board chairman, Egon Overbeck, said at the annual meeting that Mannesmann considers it possible to pay a dividend on its 1982 results at least matching the 6 Deutsche marks it paid on its 1981 results.

Mr. Overbeck also said West Germany's current export boom is due to the weakness of the mark. Since 1975, he said, the mark has depreciated about 5 percent in real terms against the currencies of West Germany's 23 main trading partners. He asserted that the country is no longer as attractive as it was for foreign investors because West German productivity has not kept up with that in certain other countries, including Japan and France.

## Continental Gummi Reports Profit

HANOVER, West Germany — Continental Gummi-Werke had a profit in 1982's first half, and earnings and sales in all divisions rose from year-earlier levels, the company's executive chairman, Helmut Werner, said at the annual meeting Wednesday. He gave no figures.

Mr. Werner also declined to forecast results, saying any projections would be hedged with considerable uncertainties. In 1981, the tire maker had parent company profit of 600,000 Deutsche marks (\$244 million), down from 13.5 million DM in 1980, and omitted its dividend.

## BMW Expects Satisfactory '82 Profit

MUNICH — Bayerische Motoren Werke expects satisfactory earnings for 1982, the automaker's executive chairman, Eberhard von Kuenheim, said at the annual meeting Wednesday.

He said that group sales in the first half rose 30 percent from a year earlier to around 6 billion Deutsche marks (\$2.42 billion) in the first half and that turnover for the full year is expected to exceed 10 billion DM, up from 9.5 billion DM in 1981. First half production and sales rose 11 percent to about 200,000 cars, and exports rose by more than a quarter, he added.

For 1981, BMW reported group profit of 144.4 million DM and parent company net profit of 145 million DM in 1981.

## Boustead to Acquire Unit of Getz

SINGAPORE — Malaysia-based Boustead Holdings said Wednesday that it has agreed to acquire 70 percent of Getz Corp. (Malaysia), a subsidiary of Getz Corp. of the United States. The price to be based on the audited asset value of Getz Malaysia as of June 30, is not expected to exceed 2 million Malaysian ringgit (\$845,000), Boustead said.

Compiled From Agency Dispatches

## Costa Rica Battles To Avoid Collapse

By Alan Riding  
New York Times Service

SAN JOSE, Costa Rica — Less than two months after inheriting a virtually bankrupt economy, Costa Rica's new government has begun introducing a series of belt-tightening measures, including across-the-board price increases, in an attempt to lift the country out of its worst economic crisis in 30 years.

The measures, which will bring increased unemployment and a sharp contraction in the economy, have been demanded by the International Monetary Fund in exchange for a \$100-million standby credit. Foreign banks, in turn, are awaiting the IMF agreement before they begin to renegotiate their own huge debt with Costa Rica.

"This country is going to become very sad and gray," said Carlos Manuel Castillo, president of Costa Rica's central bank, referring to the impact of the austerity program. "People still have no idea how difficult things are going to be."

But President Luis Alberto Monge, who visited Washington last week in search of increased economic support from the United States, appears to have resigned himself to presiding over the erosion of the country's comfortable living standard.

While the previous administration of Rodrigo Carazo Odio is blamed here for both causing the crisis and for then failing to deal with it, officials are bracing for increased labor unrest and political discontent. "We haven't found a way of distributing the burden of the recession equitably," Mr. Castillo conceded.

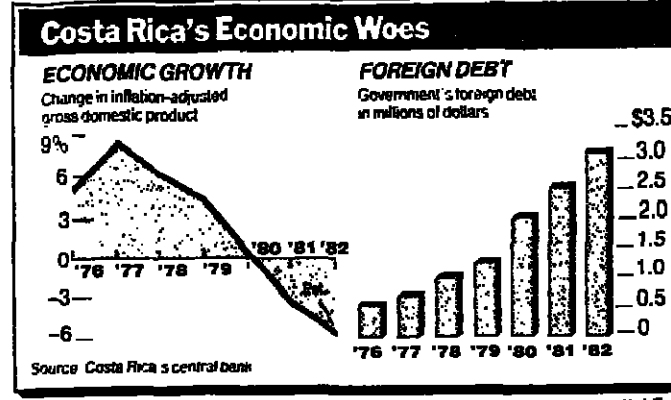
The roots of the crisis lie in the country's past practice of consuming more than it produced, importing more than it exported — and borrowing abroad to make up the difference.

When increased world oil prices were followed by high interest rates and the slump in the market price of coffee, which is Costa Rica's main export, the government suddenly was unable to keep up payments on its foreign debt, which now stands at \$3.2 billion.

Since 1974, the government has paid neither interest nor principal to its private foreign creditors, who are owed about \$1.4 billion, although some multinational agencies, such as the World Bank, have received interest payments. Further, with no reserves available to support the local currency, the colone, the street value of the dollar has rocketed from 8.60 colones to 62 colones in just two months.

The Carazo administration, however, repeatedly refused to take the measures recommended by the IMF to stabilize the economy. And, over the past six months, as the crisis worsened by the day, both the fund and foreign banks suspended relations with President Carazo and awaited Mr. Monge's inauguration May 8.

Since then, talks have resumed. At a June 7 meeting in New York with a 10-member steering committee representing some 140 private banks, Costa Rica offered to make symbolic interest payments to demonstrate the determination to meet its obligations. On July 15, the first \$6 million



worth of interest is scheduled to be paid.

Last month, a technical mission from the IMF visited Costa Rica. Government sources in San Jose hope that a letter of intent can be signed with the IMF by the end of July and that formal agreement on the standby credit will be concluded by late September.

Anticipating the IMF's demands, the Monge administration has already moved to reduce the public sector deficit by sharply increasing the price of public utilities — gasoline by 80 percent, electricity by 71 percent and water by 90 percent — and cutting spending by 10 percent. New taxes are also planned.

But there also are areas of potential disagreement. The IMF, for example, wants the government to raise domestic interest rates to levels closer to the inflation rate, which last year was 65 percent and this year is expected to be 90 percent. But, Mr. Castillo insists, "We think it's madness to chase inflation with interest rates."

The fund also wants a strict wage policy, although real wages have already fallen by 33 percent over the past two years.

At the same time, officials recognize that the agreement with the IMF is indispensable and they are looking for ways to cushion the social impact of the austerity program.

With unemployment and underemployment now standing at 20 percent of the work force, an emergency plan to hand out food to the jobless will begin Aug. 1. A reduction in the size of the bureaucracy has also been postponed until 1983, while the state-run banking system has been

(Continued on Page 9, Col. 2)



Rodrigo Carazo Odio

... Takes the blame

## Wall Street Prices Finish Mixed

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed mixed Wednesday in very heavy trading as interest rate worries overshadowed early enthusiasm over the increase in the May leading economic indicator.

The Dow Jones industrial average rose almost six points in morning trading, was up about 5 1/2 late in the afternoon, but turned lower in the last half hour to finish down 0.28 at 811.93. Advances continued to lead declines by around 80 to 600.

Volume soared to 65.3 million shares from the 46.9 million traded Tuesday. Wednesday's was the largest turnover since May 7 when it reached 67.1 million shares.

Analysts also attributed the market's early strength to a strong bond market and the results so far of this week's Treasury auction, which is going better than expected.

But trading slowed and prices slumped in the afternoon after two major banks raised their broker loan rate, which analysts said reminded investors that interest rates will probably remain high for the near term.

Monte Gordon of Dreyfus Corp. said the market still faces some very negative underlying factors that will probably prevent any meaningful rally.

Some of the negatives he mentioned were an expected large increase in the money supply during July, the probability of very poor second quarter corporate earnings, the large fiscal 1983 federal budget deficit and the slow pace of the economic recovery.

"About the best you can expect from the market at this point is that it is trying to build a base at its present level," Mr. Gordon said.

On the NYSE floor, the demise of rumors that Royal Dutch/Shell wanted to increase its stake in Shell Oil sent the price of Shell stock plummeting.

In London earlier in the week, traders had said that the British-Dutch group wanted to buy the 31

percent of Shell that it does not own.

Shell Oil said it knew of no reason for the unusual variations in the price and volume of its stock.

Shell closed at 38 1/2 last Thursday but has been trading higher and higher, reaching as high as 43 Tuesday before closing at 41.

Wednesday the stock was delayed in opening on an order influx and was indicated at 36 to 39. Shell was the worst performer on the NYSE Wednesday, closing off 6 1/2 at 35 1/2.

Blue chip issues were among the most active stocks, signaling heavy institutional buying. Sears Roebuck was up 1/4 to 19 1/2, U.S. Steel was up unchanged at 18 1/2, and Exxon was off 1/4 to 27 1/2.

Gulf United climbed 2 1/2 to 22 1/2 after a delayed opening. The company is considering the sale of its life insurance group.

Cities Service was active, up 1 to 55 1/2. Gulf Oil has commenced a \$63-a-share takeover bid for Cities Service, which had been the object of an offer from Mesa Petroleum.

restructuring measures if the state of Saarland does the same.

The decision on additional aid to the steel industry is conditional on EEC Commission approval, the statement said.

The cabinet statement appealed to West German steel producers to take immediate steps to cut production capacity in line with falling world demand and use every opportunity for further cutbacks within the industry.

Last week, the EEC Commission announced that steelmakers in the community will be forced to cut output by 35 to 47 percent on most products in the third quarter. The cuts reflect the weakness of demand for steel at a time when the United States is threatening to curb steel imports from Europe.

Mr. Lambsdorff also told the cabinet that there have been about 20 applications from the steel industry for payments of the government's 10-percent bonus for companies whose 1982 investments exceed the average of the previous three years. The government would be required to pay 14 million to 15 million DM if all applications were met, he was quoted as saying. This aid too would have to be reported to the EEC Commission.

The cabinet said condition for aiding the Krupp-Hoesch plan to merge their steel operations was that the two companies reach binding agreements on a joint concept. It gave no figure for aid to the Krupp-Hoesch plan but said it will make another 130 million Deutsche marks (\$53 million) in conditionally repayable loans available to Röchling-Burbach for

## EEC, Bowing to the U.S., Agrees To Raise Rates on Export Loans

By Philip Stephens  
Reuters

LUXEMBOURG — European Economic Community governments agreed Wednesday to a new set of export credit rules, pushing up interest rates on government-backed loans to Western nations give to poorer countries.

The 10 EEC states also bowed to U.S. pressure for additional increases in the charges on trade credits financing exports to the Soviet Union, East Germany and Czechoslovakia.

End of Dispute Seen

Belgium's finance minister, Willy de Clercq, who led a meeting of EEC finance ministers in Luxembourg, said they had accepted with minor modifications a plan offered by the Paris-based Organization for Economic Cooperation and Development.

Diplomats said the decision should end months of wrangling among the 27 rich nations in the OECD. That dispute had threatened to start a credit war.

The decision also should ease trade tensions between Europe and the United States.

Washington has long insisted that interest rates on export credits — government-subsidized loans used to promote overseas sales — should be brought more into line with commercial realities. But France and Greece had up to now blocked EEC acceptance of the higher rates sought by Washington.

A proviso sought by the EEC was that Greece and Ireland should be exempted from the increased charges for one year.

The finance ministers also said the United States, exempt at present from some OECD rules governing the duration of credits, should fall into line with the other nations by Oct. 15. These conditions would be the subject of talks in coming days, but Mr. de Clercq said he was confident they would not prevent a new accord.

The previous agreement regulating export credit terms expired last Friday.

Many nations have voiced fears that a breakdown of talks would trigger a credit war among rich nations, each trying to boost its exports by offering better loan terms.

Minimum interest rates offered to "relatively rich" countries would rise 1.15 percentage point to between 12.15 and 12.4 percent.

Nations classified by the OECD as intermediate would pay an extra 0.35 point, bringing the new charges to between 10.85 and 11.35 percent.

Sparing the Poorest

Only the very poorest countries would escape the increases; rates for them would stay at 10 percent.

The Soviet Union is among several countries facing a two-fold increase. The OECD nations have agreed to reclassify these countries as relatively rich from their present intermediate status — implying higher charges even before the new rates are applied.

Several developing states, including Brazil, South Korea and Taiwan, would face the same problem through their reclassification as intermediate rather than poor nations.

Japan, whose domestic interest rates are below the levels set out in the OECD rules, would be exempt from charging the new rates. Instead, it has agreed to give loans at a minimum rate of 0.3 point over its long-term market levels.

For poor countries, the credit plan means higher costs for many purchases from the West.

Belgrade Seeks \$300 Million In Short-Term Bank Credits

Reuters

BELGRADE — Yugoslavia is negotiating a short-term credit of about \$300 million to help bridge the gap before summer tourism starts bringing in hard cash, a government minister said Wednesday.

Zvone Dragan, a deputy prime minister in charge of the economy, said in an interview that he expected U.S. banks to grant the credit early this month.

He said Yugoslavia was asking for the credit to mature in 18 months, matching the end of the International Monetary Fund credit in Special Drawing Rights equivalent to \$2 billion. The credit runs from 1981 to 1983.

Yugoslavia is facing serious economic problems including high inflation, foreign debts of \$19.5 billion and heavy consumer demand.

Mr. Dragan said the \$300 million would help Yugoslavia meet its credit obligations without any greater disturbances to imports and industry, as well as bridge the gap before summer tourism starts bringing in hard cash.

He admitted that Yugoslavia had been hard pressed to repay about \$1.6 billion in debts to foreign creditors this and next month. But he said June debts of \$983 million were largely met, as would be those for July.



Willy de Clercq

## Oil Analysts Expect Stable Prices Will Persist

## OPEC's Claim That It Has Turned the Market Around Is Challenged

By Douglas Martin  
New York Times Service

NEW YORK — Oil prices have been consistently soft over the past month, despite Israel's invasion of Lebanon, Iran's advances in its war against Iraq and the death of King Khalid of Saudi Arabia — all factors that might have sent prices soaring a few years ago when oil was perceived as much less plentiful.

"There is a lot of new confidence among buyers that oil is available whenever it's needed," said John H. Lichtblau, executive director of the Petroleum Industry Research Foundation.

Indeed, declarations by OPEC that it has turned the oil market in its favor by putting limits on production are beginning to sound hollow, industry officials and independent analysts say. They note violations of the new quota system by OPEC's members and substantial new supplies from non-OPEC producers.

Despite minor price increases imposed recently by Iran and some U.S. producers — about \$1 per 42-gallon barrel — the analysts say they believe the oil market is mixed at its current level and will be for some time. They attribute the stagnation to plentiful supplies, business decisions to draw down inventories and a drop in the use of petroleum products.

"It's a thin market, a pretty dead market," said Marshall Thomas, markets editor of Petroleum Intelligence Weekly, a trade publication.

Since the OPEC meeting in Quito, Ecuador, in mid-May, the spot price of a barrel of the light crude used as a benchmark by OPEC

members has dropped to about \$32, against the official price of \$34, reflecting confidence that supplies will remain sufficient.

Analysts note that supplies are ample and prices stable despite coming out of a global inventory, which in the second quarter were drawn down at an estimated rate of nearly 1.5 million barrels a day. Normally there is a buildup of 2 million barrels a day during that period.

OPEC experts had predicted that an inventory reduction of this magnitude would push spot prices upward by the third quarter, but analysts now suggest that such a price turnaround will not occur until the fourth quarter at the earliest.

Consumers are not benefiting directly, largely because of a tightening in the market about a month ago that allowed oil companies to raise the price of gasoline in an attempt to recover long-depressed margins on their refining and retail operations.

Price Swings Unlikely

According to Mr. Lichtblau of the Petroleum Industry Research Foundation, however, the price climb is unlikely to continue, mainly because refineries are operating at about 70 percent of capacity, up from 62 percent in May, and gasoline stocks are being built up after being drained to relatively low levels.

The Energy Department estimates that stocks as of June 18 totaled 214 million barrels, up 4.6 million barrels since the end of May but still far below the high of 284.9 million barrels reached in March 1981.

Analysts believe major price changes are unlikely. "Things are quite stable, despite some downward drift in spot prices," said Stephen Boyack, director of economic studies at Standard Oil of Indiana. He predicted that OPEC's official price of \$34 probably will hold "well into next year."

The principal reason for the price stability is relatively high oil output. Analysts estimate the current flow of OPEC oil at between 18 million and 18.5 million barrels a day, significantly above the group's official ceiling of 17.5 million.

In addition, Nigerian and Iranian oil is flooding markets after a long period of low output in those countries, and Libya is said to be selling ever greater amounts of oil

to Europe through barter and processing deals.

Iraq's Failure to Deliver

TOKYO (Reuters) — Iraq has asked Japanese oil importers to submit Saudi Arabian crude for supplies Iraq is unable to deliver for the April-June quarter, oil industry sources said Wednesday.

They said Iraq is unable to deliver the oil because of the closure since mid-April of the oil pipeline across Syria to the Lebanese port of Tripoli. Iraq agreed to supply Japan in the quarter with 40,000 barrels a day in a government-to-government transaction and a further 105,000 barrels a day in direct sales to Mitsubishi Oil and Idemitsu Kosan, the sources said.

## CURRENCY RATES

Interbank exchange rates for June 30, excluding bank service charges.

	\$	£	D.M.	FF.	Y.	S.	S.P.	S.K.
Amsterdam	2.37	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Brussels (a)	4.87	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Frankfurt	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
London (b)	1.74	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Paris	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Stockholm	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Switzerland	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
West Germany	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Yugoslavia	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16

## Dollar Values

	\$	£	D.M.	FF.	Y.	S.	S.P.	S.K.
Amsterdam	2.37	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Brussels (a)	4.87	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Frankfurt	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
London (b)	1.74	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Paris	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Stockholm	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Switzerland	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
West Germany	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16
Yugoslavia	2.49	16.87	19.46	6.27	17.27	22.26	5.97	2.16

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**NYSE Index**

NYSE Most Active			
	Sales	Close	Ch'ge
Exxon	1,037,500	27 1/4	+ 1/4
Citibank	928,000	55 1/4	+ 1/4
Sealed Air	887,200	19 1/4	+ 1/4
Kmart	832,000	18 1/4	+ 1/4
US Steel	771,200	40 1/4	- 1/4

Tables include the nationwide prices up to the closing on Wall Street.

ROCHE VI

**June 29**

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## World Bank Expected to Approve Variable-Rate Borrowing, Lending

By Hobart Rowen  
Washington Post Service

WASHINGTON — The World Bank is expected Thursday to approve plans to obtain some of its funds at floating, or variable, rates in short-term markets and to lend to member nations at a rate to be set every six months rather than being fixed at the time of the loan.

These changes are expected to be announced after a final executive board discussion Thursday. Under the proposal by its management, the bank would borrow up to \$1.5 billion at variable rates in the fiscal year starting July 1 out of a total of about \$9 billion.

The precise form of paper or certificate that the bank would sell, and to which short-term rate it would relate, have not been decided.

One basic rationale behind the new plan is to put the bank on a better footing, in which the overall return on its loans bears a closer relationship to the true costs of borrowing. In a rising-interest-rate market, the bank bears most of the risk: It now has about \$30 billion of loans outstanding, yielding about 8 1/2 percent. But the bank in the past year had to pay an average of 11 percent for new money.

Another reason for the proposed change is an expectation at the

bank that interest rates eventually will decline from present high levels. If that happens, both the bank and its customers can benefit by not being locked into fixed, long-term commitments.

Permission necessary for the bank to borrow in the U.S. short-term money market already has been received from Treasury Secretary Donald T. Regan. Permission is also expected from West Germany and will be sought from other key countries. The bank also expects to tap the short-term Euro-dollar market on a floating-rate basis.

### Fixed Rates

Normally, the bank raises money by floating bond issues at fixed rates in major capital markets. Most of the bank's money still would be raised in that fashion. But by being able to borrow some short-term money at variable rates, the bank would gain flexibility in building the overall pool of money it needs for lending to member nations.

The new variable-rate lending procedure would apply only to regular loans by the bank, not to those made by the International Development Association, the bank's low-rate lending agency.

The World Bank's lending rate

— currently about 11.6 percent — would be boosted in the past year from 9.6 percent — would vary every six months based on the cost of money in the pool, plus one-half percentage point. As proposed by the bank management to the board, borrowing countries would not have the option to borrow at a fixed rate for 15 or 20 years, as they do now. They would have to borrow on the variable-rate formula.

The decision to borrow short-term recognizes that the bank's need for funds is growing at a time when the availability of long-term money is limited and interest rates are high. Officials believe that at the moment, although they might have to pay 16 percent or more in the U.S. market for seven-year money, they could borrow on a shorter basis in the United States for 12 to 13 percent.

World Bank officials are sensitive to the possible criticism that they are falling into the trap of "borrowing short and lending long" — a potentially dangerous banking practice that has seriously hurt many institutions, among them U.S. savings and loan associations. But the World Bank's plan is to establish a lending rate based on the cost of the pool of funds built through both variable-rate and fixed-rate borrowings.

## Eurobond Issues More Than Double In First 6 Months

Compiled by Our Staff From Dispatches  
NEW YORK — Eurobond activity in the first half of 1982 more than doubled from the rate a year earlier, Morgan Guaranty Trust said Tuesday.

In its regular market survey, it said that new Eurobonds amounting to \$29.3 billion were issued in the first six months, compared with \$12.65 billion in the first half of 1981. Total bond issues on the world's markets for the first six months of 1982 amounted to \$43.2 billion, almost twice the \$21.9 billion issued in the first six months of 1981.

In June, Eurobond market lending increased by 18 percent to \$9.62 billion, Morgan said. June's increase followed a similar increase in May to \$7.9 billion. The survey said that Eurocredits in the first half of 1982 rose to \$46.6 billion from \$38.9 billion in first half of 1981.

Malaysia was the largest individual borrower in June, with \$1.49 billion. Communist countries for the second month in a row arranged no Eurocredits and have raised only \$374 million in first half of 1982, compared with \$1.1 billion a year earlier.

Total new bond issues dropped to \$4.92 billion equivalent in June from \$6.39 billion in May and \$8.32 billion in April, Morgan said.

## Fed Indicates Dislike For Chase Expansion

By Robert A. Bennett  
New York Times Service

NEW YORK — The Federal Reserve Board has indicated its strong opposition to the acquisition by a banking company of nonvoting shares in an out-of-state bank.

Such investments, a trend in the U.S. banking industry, are made with the intention of acquiring the out-of-state bank if and when federal law allows interstate banking.

In a June 20 letter to Chase Manhattan Corp., released Tuesday, the Fed said it was "seriously concerned" that large equity investments could give a banking company in one state control over a banking company in another state. This would violate federal statutes that prohibit interstate banking.

Chase is the third-largest U.S. bank holding company after BankAmerica and Citicorp. Last January it invested \$50 million in preferred, nonvoting stock of the Equimark Corp. and another \$50 million in nonvoting stock of Equimark's subsidiary, Equibank — both based in Pittsburgh.

As part of the agreement, Chase acquired an option to purchase all of Equimark's voting shares outstanding if and when interstate banking is allowed. Under another part of the arrangement, Chase has lent Equimark \$75 million.

In its letter, the Fed indicated that it might have taken steps to require Chase to divest itself of the Equimark shares but for Equimark's weak financial condition.

Some bankers described the Fed's position as a means of keeping its options open so that it can approve some nonvoting-stock acquisitions and deny others.

In its letter, the Fed said: "In view of the special facts and exigencies of this case and, in particular, the important public interest considerations relating to the financial support provided to Equimark under the agreement and the

absence of any other viable alternatives to address Equimark's financial situation, the board will not institute control proceedings against Chase or any person to whom Chase may transfer its option."

The board accepted a modification agreed to by Chase to make it less likely that the New York banking concern might exercise control over the Pittsburgh company. Chase agreed to give Equimark the right to redeem Chase's option to acquire all of Equimark's voting shares, although the cost to Equimark of such a redemption is reported to be high.

"Chase is satisfied that the modifications do not fundamentally alter the substance of the deal or its financial attractiveness," Chase said in a statement.

Two other New York-based bank holding companies, Chemical Bank and Marine Midland, have made similar arrangements with out-of-state banks.

Marine Midland has purchased large amounts of nonvoting stock in Industrial Valley National Bank & Trust in Philadelphia and in Centran Corp., a Cleveland-based bank holding company. Marine has been shopping for similar acquisitions elsewhere.

Chemical has agreed to buy a large block of nonvoting stock in Florida National Bank of Florida, a bank holding company based in Jacksonville, which is trying to stage off a takeover bid by Southeast Banking Corp. of Miami.

## Selected Over-the-Counter

June 30

Over-the-Counter Prices			
Symbol	Price	Symbol	Price
AEI	12 1/2	Chase	17 1/2
AMC	12 1/2	Citicorp	17 1/2
AVC	12 1/2	Comdisco	17 1/2
BAC	12 1/2	Equibank	17 1/2
BFI	12 1/2	Equimark	17 1/2
BOK	12 1/2	Equitrust	17 1/2
BUS	12 1/2	Equity	17 1/2
CAF	12 1/2	Equity	17 1/2
CAL	12 1/2	Equity	17 1/2
CAN	12 1/2	Equity	17 1/2
CAR	12 1/2	Equity	17 1/2
CAT	12 1/2	Equity	17 1/2
CCB	12 1/2	Equity	17 1/2
CCF	12 1/2	Equity	17 1/2
CCG	12 1/2	Equity	17 1/2
CCJ	12 1/2	Equity	17 1/2
CCM	12 1/2	Equity	17 1/2
CCN	12 1/2	Equity	17 1/2
CCO	12 1/2	Equity	17 1/2
CCP	12 1/2	Equity	17 1/2
CCQ	12 1/2	Equity	17 1/2
CCR	12 1/2	Equity	17 1/2
CCS	12 1/2	Equity	17 1/2
CCU	12 1/2	Equity	17 1/2
CCV	12 1/2	Equity	17 1/2
CCW	12 1/2	Equity	17 1/2
CCX	12 1/2	Equity	17 1/2
CCY	12 1/2	Equity	17 1/2
CCZ	12 1/2	Equity	17 1/2
CCAA	12 1/2	Equity	17 1/2
CCAB	12 1/2	Equity	17 1/2
CCAC	12 1/2	Equity	17 1/2
CCAD	12 1/2	Equity	17 1/2
CCAE	12 1/2	Equity	17 1/2
CCAF	12 1/2	Equity	17 1/2
CCAG	12 1/2	Equity	17 1/2
CCAH	12 1/2	Equity	17 1/2
CCAI	12 1/2	Equity	17 1/2
CCAJ	12 1/2	Equity	17 1/2
CCAK	12 1/2	Equity	17 1/2
CCAL	12 1/2	Equity	17 1/2
CCAM	12 1/2	Equity	17 1/2
CCAN	12 1/2	Equity	17 1/2
CCAO	12 1/2	Equity	17 1/2
CCAP	12 1/2	Equity	17 1/2
CCAQ	12 1/2	Equity	17 1/2
CCAR	12 1/2	Equity	17 1/2
CCAS	12 1/2	Equity	17 1/2
CCAT	12 1/2	Equity	17 1/2
CCAU	12 1/2	Equity	17 1/2
CCAV	12 1/2	Equity	17 1/2
CCAW	12 1/2	Equity	17 1/2
CCAX	12 1/2	Equity	17 1/2
CCAY	12 1/2	Equity	17 1/2
CCAZ	12 1/2	Equity	17 1/2
CCBA	12 1/2	Equity	17 1/2
CCBB	12 1/2	Equity	17 1/2
CCBC	12 1/2	Equity	17 1/2
CCBD	12 1/2	Equity	17 1/2
CCBE	12 1/2	Equity	17 1/2
CCBF	12 1/2	Equity	17 1/2
CCBG	12 1/2	Equity	17 1/2
CCBH	12 1/2	Equity	17 1/2
CCBI	12 1/2	Equity	17 1/2
CCBJ	12 1/2	Equity	17 1/2
CCBK	12 1/2	Equity	17 1/2
CCBL	12 1/2	Equity	17 1/2
CCBM	12 1/2	Equity	17 1/2
CCBN	12 1/2	Equity	17 1/2
CCBO	12 1/2	Equity	17 1/2
CCBP	12 1/2	Equity	17 1/2
CCBQ	12 1/2	Equity	17 1/2
CCBR	12 1/2	Equity	17 1/2
CCBS	12 1/2	Equity	17 1/2
CCBT	12 1/2	Equity	17 1/2
CCBU	12 1/2	Equity	17 1/2
CCBV	12 1/2	Equity	17 1/2
CCBW	12 1/2	Equity	17 1/2
CCBX	12 1/2	Equity	17 1/2
CCBY	12 1/2	Equity	17 1/2
CCBZ	12 1/2	Equity	17 1/2
CCCA	12 1/2	Equity	17 1/2
CCCB	12 1/2	Equity	17 1/2
CCCD	12 1/2	Equity	17 1/2
CCCE	12 1/2	Equity	17 1/2
CCCF	12 1/2	Equity	17 1/2
CCCG	12 1/2	Equity	17 1/2
CCCH	12 1/2	Equity	17 1/2
CCCI	12 1/2	Equity	17 1/2
CCCJ	12 1/2	Equity	17 1/2
CCCK	12 1/2	Equity	17 1/2
CCCL	12 1/2	Equity	17 1/2
CCCM	12 1/2	Equity	17 1/2
CCCN	12 1/2	Equity	17 1/2
CCCO	12 1/2	Equity	17 1/2
CCCP	12 1/2	Equity	17 1/2
CCCQ	12 1/2	Equity	17 1/2
CCCR	12 1/2	Equity	17 1/2
CCCS	12 1/2	Equity	17 1/2
CCCT	12 1/2	Equity	17 1/2
CCCU	12 1/2	Equity	17 1/2
CCCV	12 1/2	Equity	17 1/2
CCCW	12 1/2	Equity	17 1/2
CCCX	12 1/2	Equity	17 1/2
CCCY	12 1/2	Equity	17 1/2
CCCZ	12 1/2	Equity	17 1/2
CCDA	12 1/2	Equity	17 1/2
CCDB	12 1/2	Equity	17 1/2
CCDC	12 1/2	Equity	17 1/2
CCDD	12 1/2	Equity	17 1/2
CCDE	12 1/2	Equity	17 1/2
CCDF	12 1/2	Equity	17 1/2
CCDG	12 1/2	Equity	17 1/2
CCDH	12 1/2	Equity	17 1/2
CCDI	12 1/2	Equity	17 1/2
CCDJ	12 1/2	Equity	17 1/2
CCDK	12 1/2	Equity	17 1/2
CCDL	12 1/2	Equity	17 1/2
CCDM	12 1/2	Equity	17 1/2
CCDN	12 1/2	Equity	17 1/2
CCDO	12 1/2	Equity	17 1/2
CCDP	12 1/2	Equity	17 1/2
CCDQ	12 1/2	Equity	17 1/2
CCDR	12 1/2	Equity	17 1/2
CCDS	12 1/2	Equity	17 1/2
CCDT	12 1/2	Equity	17 1/2
CCDU	12 1/2	Equity	17 1/2
CCDV	12 1/2	Equity	17 1/2
CCDW	12 1/2	Equity	17 1/2
CCDX	12 1/2	Equity	17 1/2
CCDY	12 1/2	Equity	17 1/2
CCDZ	12 1/2	Equity	17 1/2
CCEA	12 1/2	Equity	17 1/2
CCEB	12 1/2	Equity	17 1/2
CCEC	12 1/2	Equity	17 1/2
CCED	12 1/2	Equity	17 1/2
CCEE	12 1/2	Equity	17 1/2
CCEF	12 1/2	Equity	17 1/2
CCEG	12 1/2	Equity	17 1/2
CCEH	12 1/2	Equity	17 1/2
CCEI	12 1/2	Equity	17 1/2
CCEJ	12 1/2	Equity	17 1/2
CCEK	12 1/2	Equity	17 1/2
CCEL	12 1/2	Equity	17 1/2
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CCFD	12 1/2	Equity	17 1/2
CCFE	12 1/2	Equity	17 1/2
CCFF	12 1/2	Equity	17 1/2
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CCFW	12 1/2	Equity	17 1/2
CCFX	12 1/2	Equity	17 1/2
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## SPORTS

## Hendrick, Cardinals Bury Phillies, 15-3

Compiled by Our Staff From Dispatches  
PHILADELPHIA — The St. Louis Cardinals and George Hendrick broke out of their offensive slumps Tuesday night by crushing Philadelphia, 15-3, breaking the Phillies' eight-game winning streak and nudging them out of first place in the National League's Eastern Division.

Hendrick drove in seven runs in the first inning, a sacrifice fly and a double in the second, and a home run in the third.

Keith Hernandez also had a home run in the first inning.

Baseball Roundup

Two-run homer in the Cardinals' 17th inning.

Hendrick hit his 12th home run of the season, off reliever Ed Williams, in the eighth inning, following walks to Lonnie Smith and catcher Mike Schneider.

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Billie Jean King  
... Of the upcoming semifinal match with Evert: 'I'm going to go for it.'

## King Defeats Austin, Gains Semifinals

Compiled by Our Staff From Dispatches  
WIMBLEDON, England — Billie Jean King, the self-proclaimed old lady of her sport, upset third-seeded Tracy Austin Wednesday to move into the women's semifinals of the Wimbledon tennis championships.

King, who has won a record 20 Wimbledon titles, used her serve-and-volley tactics and experience to outlast Austin, 3-6, 6-4, 6-2. The 38-year-old American, who first played this grass-courts championship 21 years ago, will face defending champion Chris Evert Lloyd in the semifinals.

Evert, seeded second, advanced by stopping 10th-seeded Barbara Potter, 6-2, 6-1.

Also moving into the semis was top-seeded Martina Navratilova, who eliminated unseeded JoAnne Russell, 6-3, 6-4. Betina Bunge, No. 11, registered a 6-2, 6-3 victory over Candy Reynolds and will play Anne Smith in the other quarterfinal match.

Top Seeds Advance

On the men's side, the top three seeds — defending champion John McEnroe, Jimmy Connors and Vitas Gerulaitis — all moved into the quarterfinals.

McEnroe, who has won a record 20 Wimbledon titles, used his serve-and-volley tactics and experience to outlast Austin, 3-6, 6-4, 6-2. The 38-year-old American, who first played this grass-courts championship 21 years ago, will face defending champion Chris Evert Lloyd in the semifinals.

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Austin resisted by breaking back in the eighth game and holding serve to close to within 4-5, but King served out the set at love, finishing it with a sharply angled drop shot — a weapon that stood her well throughout the nearly two-hour match.

In the third set, King glanced at the scoreboard and saw that the score was 2-0 in her favor. "That two kept getting bigger and bigger," she said. "And I suddenly thought, 'If I win this game it will be 3-0.'"

And with her 3-0 edge, she also knew that the hard work of breaking Austin's service was over; all she had to do to reach the semis was to play steady tennis. So with lob and drop breaking the machine-like Austin, King went on to rack up her 90th singles victory at Wimbledon.

King became the oldest woman semifinalist here for 62 years. In 1920, Dorothea Lambert Chambers, one of the famous oldtimers of tennis, reached the final at age of 41 and lost to Suzanne Lenglen.

"A Smart Lady"

Asked how it felt to beat a player who wasn't born when she herself was already the talk of the tournament, King said: "To be fair, Tracy's not at her best. She's had a lot of injuries this year. I don't think she's as match-fit as she could be."

Austin said she had had a fever Tuesday and "sweated through three sweatsuits last night."

But during the 1 hour 57 min-

## MEN'S SINGLES

Fourth Round

Brian Teacher, U.S., def. Stefan Simonsson, Sweden, 7-6, 4-6, 6-3; Tim Mayotte, U.S., def. Candy Reynolds, U.S., 6-4, 6-2, 6-4.

Fourth Round

Gene Mayer, U.S., def. Steve Denton, U.S., 6-4, 6-4; Mark Edmondson, Australia, def. Russell Simpson, New Zealand, 6-4, 7-6, 7-6; Johan Kriek, South Africa, def. Nick Savolainen, U.S., 6-2, 6-3; Vitas Gerulaitis, U.S., def. Roscoe Tanner, U.S., 6-3, 6-4; John McEnroe, U.S., def. Hank Pfister, U.S., 6-4, 6-4, 6-4; Jimmy Connors, U.S., def. Paul McNamee, Australia, 6-3, 6-4, 6-1.

WOMEN'S SINGLES

Fourth Round

Bettina Bunge, U.S., def. Candy Reynolds, U.S., 6-3, 6-3.

Quarterfinals

Billie Jean King, U.S., def. Tracy Austin, U.S., 6-4, 6-2, 6-1; Chris Evert Lloyd, U.S., def. Barbara Potter, U.S., 6-2, 6-1; Martina Navratilova, U.S., def. JoAnne Russell, U.S., 6-3, 6-4.

## Yanks: From Tradition to Travesty

By Dave Anderson  
New York Times Service

NEW YORK — In his baseball column, George Steinbrenner invariably mentions "Yankee tradition," presumably referring to the glory that was Babe Ruth and Lou Gehrig, the grandeur that was Joe DiMaggio and Mickey Vernon, and the grit that was Reggie Jackson and Thurman Munson on the last Yankee team to win the World Series way back there in 1978 and 1979.

Yankee tradition has a nice ring to it — a World Series ring — except that most of the current Yankees can't identify with it.

To most of the members of this season's team, the only Yankee tradition is that sooner or later Steinbrenner will address them, as he did Friday night, at the new stadium clubhouse. Perhaps that's the reason the Yankees are still struggling on a treadmill below .500.

Steinbrenner has turned Yankee tradition into a travesty. Tradition is maintained by continuity and stability, not by turmoil and threats of beheadings.

Most of the players on the 1982 team haven't been Yankees long enough to feel like Yankees, to feel part of the true tradition that Steinbrenner has destroyed.

In the turnover of talent from last year's team that was good enough to hold a 2-0 lead in the World Series, most of the current Yankees are merely strangers in pinstripes, transients until further notice. Each has to be wondering when Steinbrenner will glare down at him from the royal box and turn thumbs down.

In the turnover, 12 current Yankees virtually half the roster, have been acquired since the principal owner chewed out his team during last year's American League championship series.

"I think it was good," Dave Winfield said with a sly smile after the principal owner's clubhouse appearance Friday night, "for everyone to meet the man they've heard so much about."

Winfield, of course, met the man less than two years ago himself, but he's almost a Yankee old-timer now. Of the hitters, only Graig Nettles, Lou Piniella, Willie Randolph, Bobby Murcer, Rick Cerone (when his thumb heals), the often-ostracized Oscar Gamble and the benched Bucky Dent can be considered Yankees of any duration; of the pitchers, only Ron Guidry, Rich Gossage, Tommy John and Rudy May.

In other ears, the Yankees indeed were a team of tradition. Every so often a rookie was inserted

quietly into the lineup and granted the time to grip that torch of tradition. Even as an instant celebrity in 1977, Reggie Jackson needed time to earn his pinstripes.

Jackson eventually emerged as the pillar of the clubhouse after Munson's death and Catfish Hunter's retirement. But without Jackson this year, the clubhouse has no pillar for the other players to lean on.

So the Yankees struggle. The quick explanation is that "we're not hitting." Why aren't they?

"With the influx of so many new people, we haven't been able to assume the standard of excellence that the Yankees were famous for," Winfield says. "Before, the Yankees planned on winning; but this team hasn't done enough winning to be able to plan on it. We haven't learned to win together."

According to Randolph, some new Yankees haven't learned to adjust to the principal owner.

"We've got a lot of new players now who came from clubs where they never got that feedback, where they may have never seen the owner," the second baseman says.

The Yankees' home run leader is Winfield with nine, a decent total for a right-handed hitter in Yankee Stadium, with its left-center-field prairie, but hardly in keeping with Yankee tradition. For decades the Yankee trademark was the home run. But this season Steinbrenner ordered speed instead of strength. This season's trademark has been all those swift base-runners who don't score enough runs.

In a park originally designed for Babe Ruth, the Yankees don't have a left-handed slugger who appears capable of hitting even 20 home runs this season.

"Left-handed power is important here," Winfield says. "But they've got a right-handed batter a lot of other teams would use if he was their player."

He was talking about Steve Balboni, the huge 25-year-old first baseman who was returned to Colombia of the International League where he has hit 12 homers and driven in 38 runs in only 33 games this season. In his brief visit with the Yankees, he hit one homer in 10 games while batting .214.

Not long ago, Dick Leitzford of the Oakland A's described pitching to the Oakland 3-inch, 35-pound Balboni as "pitching to a condominium."

And without Jackson, the Yankees don't have a slugger who frightens opposing pitchers.

"Bring back Balboni and platoon him with John Mayberry at first base," Gossage suggests.

"The way we're struggling, he's not going to kill us with his strikeouts, and he puts a little fright into the other pitcher. It's a matter of letting him establish himself so people don't care if he strikes out. You need patience with him."

But just as there's no Yankee tradition in the Steinbrenner regime, there's no patience either.

The Vancouver Rowing Club, winner of the 1976 Stewards Cup, and Ridley College of St. Catharines, Ontario, a four-time winner of the Princess Elizabeth Challenge Cup, had to abandon plans to race here this year because of Ottawa's dictates.

Questioned about Henley's entry policy, Angus Robertson, one of the stewards who administer the regatta, said:

"Henley is an apolitical sporting event which welcomes all crews. The regatta has no intention of altering its policies."

A further casualty of this year's regatta is East Germany, which withdrew its entire team for "technical reasons," causing punters to dub this Henley "the year of the scratch."

The American crews, which flock here each year, have maintained their loyalty, however, and could improve on their last year's total of three cup victories.

Holy Spirit High School of Absecon, N.J., is favored to defend its Princess Elizabeth Challenge Cup title, as is the Charles River Rowing Association in The Thames Challenge Cup.

Yale, Cal Berkeley

Yale University, winner of the inaugural Cincinnati Regatta, which determined the fastest U.S. collegiate crew, is entered in The Grand Challenge Cup, along with the University of California at Berkeley.

Both the American crews, despite the scratching of five of The Grand's nine initial entries, have their work cut out for them against the two remaining entries, both British, in Henley's premier event.

Racing will begin Thursday morning. There will be three days of straight knockout eliminations before Sunday's final.



George Steinbrenner  
"They've heard so much about him."

## Lakers, Drafting First, Tap Worthy

United Press International

NEW YORK — The Los Angeles Lakers selected James Worthy of North Carolina as the first choice of Tuesday's National Basketball Association college draft.

Worthy, a 6-foot-9 all-American, guided the Tar Heels to the 1981-82 NCAA title as a junior; he gave up his final year of college eligibility and will join the Lakers of Coach Pat Riley.

Last season, Worthy averaged 15.6 points and 6.3 rebounds a game while shooting 57 percent from the floor. The NBA champion Lakers earned the rights to the top choice as the result of a 1980 trade with Cleveland followed by a coin flip with San Diego.

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## Nobelist Gives Birth

outh, England, that he would send a bottle to each of the 100 wounded men he visited earlier at the Royal Navy Hospital at Portsmouth, Hampshire. And he is calling on another dozen wounded at Queen Elizabeth Military Hospital in London today.

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**ENGLISH BACHELOR, 44, now** in Paris, well educated, worked British Consulate & Secret for 25 yrs. including 6 years in its Library of rarest in Vostok added Long and University of London BA. Fluency given in English language and U.S. & a Postgraduate Certificate Education to teach them in England, equal responsible in type, good with children, well given are recommended for employment in French, Swiss, 731, Haste, Rome, 92521 Neutry Center, France.

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